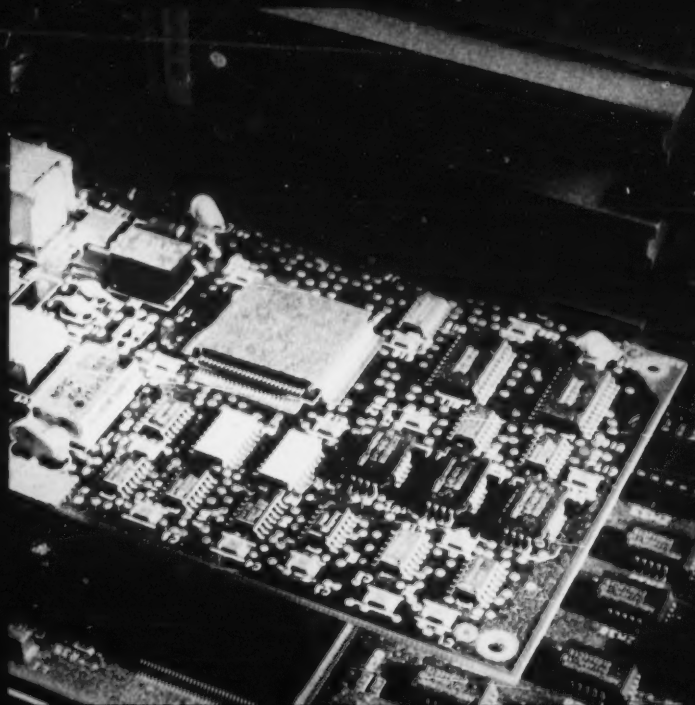


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STATE OF MARYLAND
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1993



LOUIS L. GOLDSTEIN
STATE COMPTROLLER
ANNAPOLIS, MARYLAND

"Providing the best service at the lowest possible cost ranks high on our agenda," says Maryland State Comptroller Louis L. Goldstein. The State Comptroller's Office has relied on innovation and technology to cut administrative costs, boost revenue collection and improve taxpayer service - meeting taxpayer demands for leaner government while keeping Maryland a pioneer in state financial management.

Some of the latest pioneering tools discussed on divider pages in this report include:

- ☐ the 1992 consolidation of two data processing facilities that provided staff reductions to help meet statewide cost containment goals while accommodating innovations for the future;
- ☐ a new data "imaging" technique that can transform the paper mountain of tax returns into user-friendly electronic files;
- ☐ a new State of Maryland Tax System that will consolidate all revenue collection and compliance functions into a single computer system;
- ☐ a reorganization of the office along functional lines instead of by type of tax; and
- ☐ a financial management information system developed in cooperation with other state agencies that will integrate many financial management functions for agencies.



STATE OF MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended June 30, 1993
PREPARED
by the State Comptroller's Office
Louis L. Goldstein
Comptroller of the Treasury of Maryland



Data center consolidation

"When new computer technology made it possible to consolidate our two data processing centers into one facility, we seized the opportunity to boost efficiency and save tax dollars," says State Comptroller Louis L. Goldstein.

The installation of the ES9000 Model 740 mainframe at the Annapolis Data Center in 1991 permitted the consolidation while providing capacity to implement the technological breakthroughs in tax administration, accounting and imaging of tax returns described throughout this report.

Designed to handle more than ten times the data of previous hardware, the new computer allowed a dramatic streamlining of staff functions, including the elimination of 83 positions.



Maryland State Comptroller Louis L. Goldstein surveys the Operations Section of the Annapolis Data Center, which serves most agencies of state government and supports technological advances in tax administration and financial management.

Despite the momentous change, service was not affected. The consolidation also resulted in an annual savings of \$5 million in hardware, software, rent, personnel and other costs.

The Annapolis Data Center serves the data processing needs of most state agencies, the circuit courts and the citizens who depend on them. Nearly 1,400,000 data transactions are handled at the center every day, through more than 16,000 on-line terminals in state agencies in every part of Maryland.

STATE OF MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



Tax form imaging

"Maryland is the first state in the nation to process state income tax returns using a pioneering imaging technology to capture, intelligently interpret and manipulate data," says State Comptroller Louis L. Goldstein.

The tax imaging process transforms state income tax returns into useable data by capturing video-type images of a document, storing the image, converting a portion of it to data and processing the data as though it had been manually entered by conventional data entry.

Maryland's new imaging system will not only save time and costs in processing tax returns, but it will also provide tax officials greater access to documents and improve taxpayer service.

Auditors will be able to correct errors electronically, quickly retrieve documents to answer taxpayer inquiries and even print a copy of the return at the flick of a switch. Different auditors can also look at the same return simultaneously.



Thanks to Maryland's pioneering imaging system, officials like Robin Barnett-Jones in the State Comptroller's Office can view complete Maryland income tax returns electronically to correct errors, spot fraud or answer taxpayer inquiries.

Another electronic verification feature helps to ensure the accurate distribution of nearly \$1.7 billion in local income tax revenue to Maryland's 24 subdivisions and 160 incorporated cities and towns. Maryland's tax imaging system will save hundreds of thousands of dollars in processing costs each year. □

STATE OF MARYLAND
SELECTED STATE OFFICIALS

EXECUTIVE

William Donald Schaefer
Governor

Melvin A. Steinberg
Lieutenant Governor

Louis L. Goldstein
Comptroller

J. Joseph Curran, Jr.
Attorney General

Lucille Maurer
Treasurer

JUDICIAL

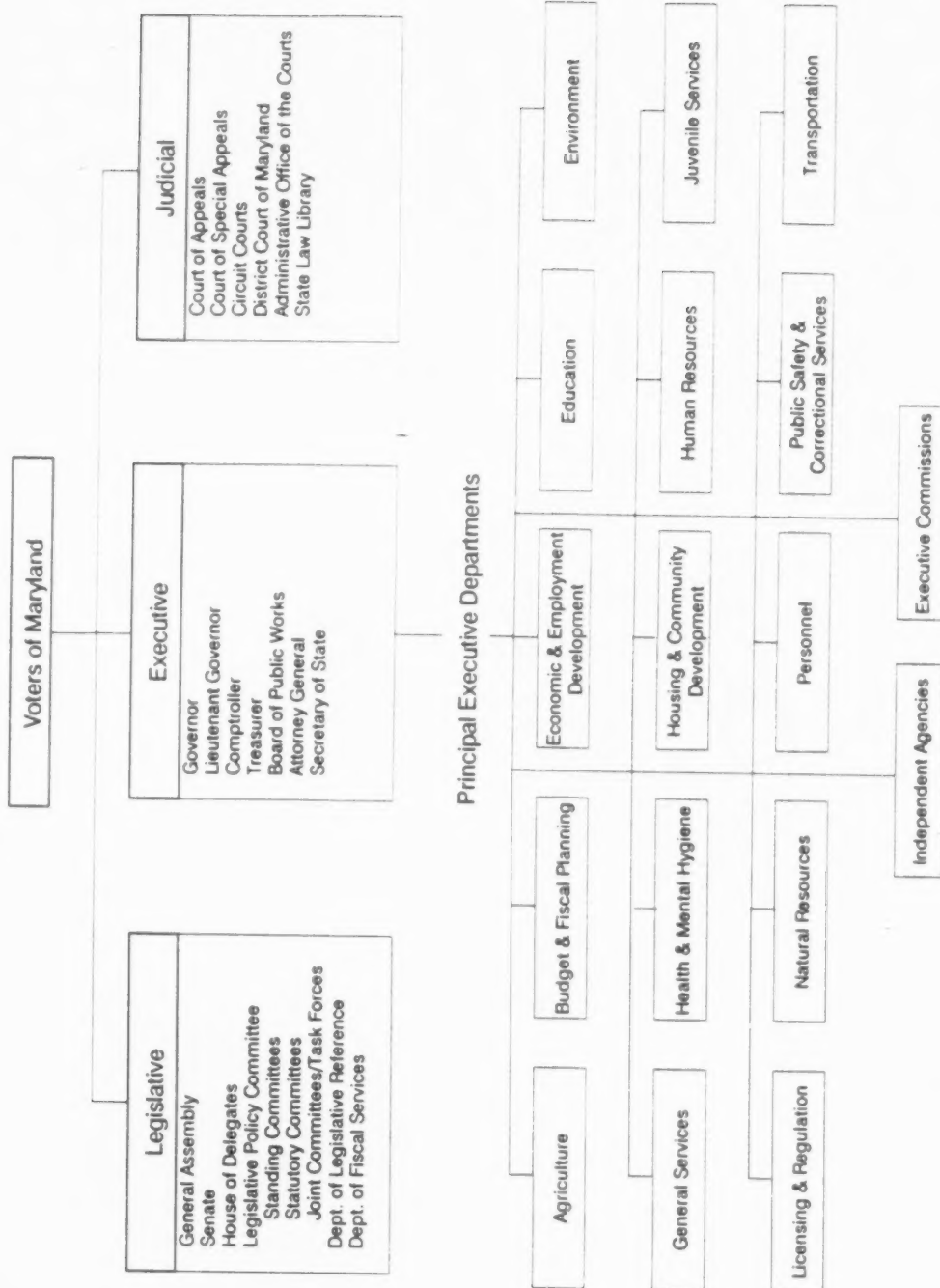
Robert C. Murphy
Chief Judge
Court of Appeals of Maryland

LEGISLATIVE

Thomas V. M. Miller, Jr.
President of the Senate
(47 Senators)

R. Clayton Mitchell, Jr.
Speaker of the House of Delegates
(141 Delegates)

MARYLAND STATE GOVERNMENT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1992

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arnold J. Hahn
President

Jeffrey L. Esser
Executive Director



Louis L. Goldstein
Maryland State Comptroller



LOUIS L. GOLDSTEIN
COMPTROLLER OF THE TREASURY
LOUIS L. GOLDSTEIN TREASURY BUILDING
P O BOX 466
ANNAPOLIS, MARYLAND 21404-0466
410-974-3801

Honorable Members of the General
Assembly and the Governor
State of Maryland

October 29, 1993

INTRODUCTION

The Comprehensive Annual Financial Report of the State of Maryland, for the fiscal year ended June 30, 1993, submitted herewith, includes financial statements of the State of Maryland as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

This report is presented in three sections; introductory, financial, and statistical. The introductory section includes this transmittal letter, the State's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria was utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations and accountability for fiscal operations, and scope of public service.

In addition to general government activities, the State exercises, or has the ability to exercise, oversight of the following organizations which are included in the State's financial statements:

- Maryland Industrial Development Financing Authority
- Maryland Housing Fund
- Community Development Administration
- Maryland Small Business Development Financing Authority
- Maryland Water Quality Financing Administration
- Maryland Food Center Authority
- Maryland State Lottery Agency
- Maryland Environmental Service

State Use Industries

Maryland Higher Education Loan Corporation
Maryland Deposit Insurance Fund Corporation
Maryland Stadium Authority
Unemployment Insurance Program
Maryland Transportation Authority
Maryland State Retirement and Pension Systems
Mass Transit Administration Pension Plan
University of Maryland System
Baltimore City Community College
St. Mary's College of Maryland
Morgan State University

The Maryland School for the Blind, Blind Industries and Services of Maryland, Maryland Economic Development Corporation, Maryland Health and Higher Education Facilities Authority, Maryland Automobile Insurance Fund, Injured Workers' Insurance Fund (formerly the Maryland State Accident Fund), Maryland National Capital Park and Planning Commission, State Employees Credit Union, and the Maryland Credit Union Insurance Corporation have not met the criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

ECONOMIC CONDITION AND OUTLOOK

Maryland's recession has been significantly more severe than that of the U.S. While the U.S. lost 1.7 percent of payroll employment between July 1990 and March 1991, Maryland's job loss continued through 1992. Preliminary statistics suggest Maryland's job loss exceeded 5 percent of pre-recession levels, three times the national loss.

Maryland's struggles can be attributed to several factors. First, the state is significantly more reliant on defense spending than most other states. During fiscal year 1992, Maryland ranked fifth in terms of total defense outlays as a share of Gross State Product. Federal defense spending, began to decline significantly by 1991, and defense contractors, among them many of the state's top employers, have struggled to adapt to the smaller federal defense budget by downsizing.

Maryland's construction industry was particularly hard hit during the last three years. In the 1980's construction employment grew rapidly in Maryland, as the robust economy spurred demand for housing and office space. By the late 1980's, stricter capital requirements and high vacancy rates halted commercial building. Construction employment fell substantially, dropping by one-third since 1989.

The hallmark of the 1990 recession was the unprecedented decline in professional and business services employment, important industries in Maryland's service-based economy. As an example, consolidation among financial institutions has cost many jobs in Maryland. As financial institutions seek economies of scale through consolidations, entire departments with duplicate operations will be eliminated.

As has been the case during the past three years, Maryland's economy is expected to underperform relative to the nation. In terms of both employment and personal income, Maryland has been among the slowest growing states since 1990. While the national recovery has been about half-speed in comparison to previous recoveries, Maryland's economy has only begun to post signs of modest recovery.

The employment outlook varies by sector. Federal government employment is particularly vulnerable to downsizing. The decline in the federal defense budget will continue and is likely to accelerate. Manufacturing will continue to downsize, as ongoing productivity gains allow for increases in output with fewer workers.

On the brighter side, construction employment appears to have bottomed out, and should begin to make modest progress in 1994 and beyond. Home sales have been edging upward, and the inventory of unsold homes has declined significantly. Headway has also been made in absorbing some of the vacant office space.

A pick up in home buying will also help to stimulate the trade sector. New homes sales, combined with the trade-up activity that follows, will generate increased demand for appliances and furniture. Finally, the strengthening of the job market and improved confidence will release some pent-up demand from the past three years which will further support modest improvement in the retail sector.

Total employment in service industries is expected to grow an average of 3.5 percent per year between 1993 and 1995. Health services will be an important contribution to job growth. Maryland's high-tech sector remains among its brightest prospects. The majority of Maryland's high-tech employment is in information technology.

On balance, total employment will recover gradually, as the continuing decline in some sectors offsets the improvement in others. Maryland personal income is projected to increase by 3.9 percent, 5.6 percent and 5.8 percent in calendar years 1993, 1994 and 1995, respectively.

MAJOR INITIATIVES

Providing the many necessary services to the people of Maryland, while at the same time maintaining a fiscally sound position, was a major challenge in fiscal year 1993 that continues into 1994. Even though budget shortfalls and cost containment programs overshadowed much of the policy making, some significant accomplishments were made during the year.

There were certain initiatives for the new year. Additional funding is provided for expanding pre-kindergarten programs, increasing funding for the dropout prevention program, expanding the promotion and use of contraceptives, increasing preventive health, prenatal and maternal care programs. Funding is provided to help keep the elderly in their homes and prevent costly nursing home placements. Funds are also provided to raise the balance of the State Reserve Fund to \$100 million.

FINANCIAL INFORMATION

The State has issued guidelines to its agencies for establishing an effective system of internal control. Internal control is the overall plan of organization and all the coordinate methods used to safeguard assets; ensure the reliability of the accounting data; promote efficient operations and ensure compliance with established governmental policies, laws, regulations and contracts. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

As a recipient of federal assistance, the State is responsible for ensuring compliance with laws and regulations related to such assistance. This is accomplished through the internal control guidelines. Additionally, the State, excluding higher education institutions, is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-128. The State's higher education institutions single audit is performed under Circular A-133. Detail information related to these single audits is included in separate reports.

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure. Each state agency is provided appropriations at a program level, the level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations.

Maryland maintains its accounts to conform with generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system.

As of June 30, 1992, the Maryland Transportation Authority was classified as an Enterprise Fund. Effective July 1, 1992, it is being accounted and reported for using the governmental fund measurement focus in order to more properly reflect the nature of its activities.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled \$10,813,808,000 for the fiscal year ended June 30, 1993. This represents an increase of 8.7 percent over revenues for the fiscal year 1992. Income tax, the largest source of revenue, produced 30.6 percent of general governmental revenues in fiscal years 1993 and 1992. The revenues from various sources and the changes from last year are shown in the following tabulation (amounts expressed in thousands):

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over 1992 Actual	
			Amount	Percent
Income taxes	\$ 3,303,678	30.6%	\$259,983	8.5%
Sales and use taxes	1,718,152	15.9	138,367	8.8
Motor vehicle taxes and fees	1,119,416	10.4	128,876	13.0
Other taxes	1,034,935	9.6	160,652	18.4
Other licenses and fees	197,255	1.8	54,730	38.4
Charges for services	630,597	5.8	22,212	3.7
Interest and other investment income	35,120	.3	1,931	5.8
Federal revenue	2,523,543	23.3	101,639	4.2
Other	251,112	2.3	(1,841)	(.7)
Total	<u>\$10,813,808</u>	<u>100.0%</u>	<u>\$866,549</u>	<u>8.7%</u>

Of the total income tax revenue for fiscal year 1993, \$3,098,803,000 was produced by the individual income tax and \$204,875,000 by the corporate income tax, representing an increase of \$237,018,000 and \$22,965,000, respectively, compared to the prior year. The increase in income tax revenue is primarily a result of a new 6% tax bracket on higher incomes and the full taxing of capital gains.

Revenues from sales and use taxes increased \$138,367,000 or 8.8 percent over the previous year primarily because of the elimination of certain exemptions and broadening the base to include certain services.

Motor vehicle taxes and fees increased \$128,876,000 or 13.0 percent over the previous year primarily because of an increase in the motor vehicle fuel tax and increases in certain license and registration fees.

Revenues from other taxes increased \$160,652,000 or 18.4 percent over the previous year primarily as a result of a 20c per pack increase in the tax on cigarettes and increased revenues from the franchise tax on financial institutions.

Other license and fees increased \$54,730,000 or 38.4 percent over the previous year primarily as a result of a surcharge imposed on motor vehicle registrations to fund the Maryland Emergency Medical System.

Changes in levels of expenditures for major functions from the previous year (excluding capital projects) are shown in the following tabulation (amounts expressed in thousands):

Function	Amount	Percent of Total	Increase (Decrease) Over 1992 Actual	
			Amount	Percent
Current:				
General government	\$ 494,041	4.8%	\$ 11,289	2.3%
Education	2,389,155	23.2	96,547	4.2
Economic and employment development	155,575	1.5	7,162	4.8
Human resources	926,954	9.0	10,634	1.2
Health and mental hygiene	2,781,409	27.1	13,432	.5
Environment	51,598	.5	(9,696)	(15.8)
Transportation	692,454	6.7	110,748	19.0
Public safety and judicial	862,311	8.4	29,999	3.6
Housing and community development	102,725	1.0	(12,746)	(11.0)
Natural resources and recreation	111,559	1.1	(15,316)	(12.1)
Agriculture	27,185	.3	(5,982)	(18.0)
Intergovernmental	531,138	5.2	(17,203)	(3.1)
Debt service	488,153	4.7	36,553	8.1
Capital outlays for transportation	665,387	6.5	(68,558)	(9.3)
Total	<u>\$10,279,644</u>	<u>100.0%</u>	<u>\$186,863</u>	<u>1.9%</u>

Expenditures for environment decreased \$9,696,000 or 15.8 percent from 1992 due to unspent appropriations for capital expenditures.

Expenditures for transportation increased \$110,748,000 or 19.0 percent over 1992 primarily because of the inclusion of the Maryland Transportation Authority in the governmental funds and operation of the new light rail system and an increase in the grant to Washington Suburban Transit Commission.

Expenditures related to housing and community development decreased \$12,746,000 or 11.0 percent from 1992 primarily because of the reduced appropriations for housing subsidy programs.

Natural resources and recreation related expenditures decreased \$15,316,000 or 12.1 percent from 1992 primarily due to reductions in spending for program open space and an overall downsizing of the department.

Expenditures for agriculture decreased \$5,982,000 or 18.0 percent from 1992 primarily because of decreased agricultural land preservation.

Capital outlays for transportation decreased \$68,558,000 or 9.3 percent from 1992 primarily because of the completion of major portions of a central light rail system.

Operating transfers in from the capital projects fund and enterprise funds (State Lottery Agency, Maryland Deposit Insurance Fund Corporation and Maryland Stadium Authority) totaled \$1,500,000 and \$313,804,000, respectively. This represents a decrease of \$43,672,000 from the previous year. Operating transfers out to the capital projects fund and higher education funds totaled \$595,990,000, for an increase of \$10,583,000 over the preceding year.

The general fund unreserved fund deficit at June 30, 1993 was \$146,461,000, representing an increase of \$222,963,000 over the previous year's deficit. This increase was the result of growth in revenues exceeding the managed growth in expenditures.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary general fund balance at June 30, 1993, reflected a total fund balance and undesignated balance in the amounts of \$109,941,000 and \$10,520,000, respectively. For information on differences between GAAP and the budgetary system, see footnote 3 to the general purpose financial statements.

The special revenue unreserved fund balance of \$59,887,000 increased \$50,714,000 over the preceding year. The debt service unreserved fund balance of \$123,593,000 increased \$20,661,000 over the prior year. These increases are partially attributable to the Maryland Transportation Authority's reclassification from an enterprise fund to a governmental fund. The special revenue unreserved fund balance increased \$57,218,000 over the prior year and the debt service unreserved fund balance decreased \$14,631,000 from the prior year after adjusting for the aforementioned reclassification.

Capital Projects Fund

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end which are assets of the State are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the higher education fund. During fiscal year 1993, State projects costing \$208,270,000 were completed. State grants for capital projects of local governments and other public organizations amounted to \$168,981,000 in the fiscal year, an increase of \$12,314,000 over 1992.

Authorized but unissued general obligation bonds at June 30, 1993 totaled \$1,139,018,000.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions and exclude the fixed assets of the proprietary fund type, and the higher education fund. As of June 30, 1993, the general fixed assets of the State amounted to \$7,485,090,000. This amount represents the actual or estimated cost of the assets. Depreciation of general fixed assets is not recognized in the State's accounting system. Infrastructure assets (excluding Maryland Transportation Authority), consisting principally of highways, roads and bridges are not recorded in the general fixed assets.

Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds with the exception of the Maryland Deposit Insurance Fund Corporation reported retained earnings for the year ended June 30, 1993. The Economic Development Insurance Programs, and the Maryland Deposit Insurance-Fund Corporation reported declines in retained earnings during the year. Overall retained earnings for enterprise funds increased during 1993 by \$2,849,000, compared to an increase of \$58,943,000 in 1992.

Fiduciary fund types include the expendable trust fund, pension trust funds and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of \$14,479,933,000 at June 30, 1993, compared to \$13,019,387,000 at June 30, 1992.

The Maryland State Retirement and Pension Systems (System) was established to provide pension benefits for State employees, the employees of the University of Maryland Medical System (a private, nonprofit, nonstock corporation) and employees of 105 participating municipal corporations within the State. The annual actuarial valuation continues to reflect a positive trend in the government's and employees' funding of the System.

The total fund balance for the higher education fund was \$2,337,583,000 at June 30, 1993, compared to \$2,169,102,000 at June 30, 1992.

Debt Administration

The ratios of net bonded debt to assessed property value, debt to present market value, and bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1992 and 1993 are shown as follows:

	Amount (expressed in thousands)	Ratio of Net Bonded Debt to Assessed Value (46.4% of Present Market)	Ratio of Debt to Present Market Value	Bonded Debt Per Capita
General obligation bonds:				
1992	\$2,178,199	1.90%	.89%	\$448.19
1993	2,279,390	1.83	.85	464.42

Additionally, outstanding limited obligation bonds of the Department of Transportation and the Maryland Transportation Authority amounted to \$1,098,635,000 and \$302,457,000, respectively, at June 30, 1993. Debt service on the Department of Transportation bonds is provided principally by excise taxes levied by statute. Debt service on the Maryland Transportation Authority is payable from revenues of the projects of the Authority. Self-supporting revenue bonds outstanding at June 30, 1993 amounted to \$3,112,671,000. Long-term obligations for accrued annual leave of \$135,268,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1993.

Limited obligation bonds issued by the Department of Transportation, Maryland Transportation Authority and self-supporting notes payable and revenue bonds issued by enterprise agencies amounted to \$75,000,000, \$164,372,000 and \$299,396,000, respectively, during 1993.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1993 were within the limits established by the Committee. For the fiscal year 1993, new general obligation bond authorizations amounted to \$369,995,000.

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

State of Maryland—General Obligation Bonds

<u>Date of Issue</u>	<u>Amount</u>	<u>Average Life in Years</u>	<u>Effective Interest Rate</u>	<u>Interest Cost Per Borrowed Dollar</u>
October 16, 1990	\$ 95,000,000	9.9	6.88%	68.1¢
March 26, 1991	95,000,000	9.8	6.20	61.0
May 31, 1991	11,787,000	6.7	5.85	39.0
July 10, 1991	100,000,000	9.9	6.26	61.8
October 9, 1991	120,000,000	9.8	5.70	55.8
May 13, 1992	120,000,000	9.8	5.69	55.7
January 13, 1993	130,000,000	9.7	5.76	51.2
May 19, 1993	278,150,000	9.6	4.99	47.8

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. As of June 30, 1993, the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 80.7 percent; in U.S. Treasury and agency obligations, 16.4 percent; and in certificates of deposit and other, 2.9 percent. The average yield on maturing investments during the year was 3.3 percent, as compared to 4.75 percent in the prior year, and the amount of interest received was \$35,158,000, which was \$1,969,000 more than the previous year.

Risk Management

The State is involved in legal proceedings, which normally occur in government operations. Such proceedings, in the opinion of the Attorney General, are not likely to have a material adverse impact on the financial position of the State's funds.

The State continues to replace commercial insurance with self insurance coverage wherever feasible. The self-insured exposures include the first layer of all direct property coverage for damage to State property, all liability claims under the Maryland Tort Claim Act, other liability judgements and settlements arising from actions in which a violation of a constitutional right is asserted and various other coverages such as volunteer accident and fidelity bonds. Claim adjusting services have been brought "in-house" and are being done by State personnel instead of outside contractors.

Commercial insurance coverage is purchased for specialized exposures such as aviation hull and liability, steam boiler coverage and certain transportation risks.

OTHER INFORMATION

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an audit of the State's general purpose financial statements by a firm of independent certified public accountants selected by an audit selection committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the opinion of Arthur Andersen & Co. has been included in the financial section of this report. Arthur Andersen & Co. performs audits to meet the requirements of the federal Single Audit Act of 1984, OMB Circular A-128, and OMB Circular A-133; such information being contained in other reports.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1992.

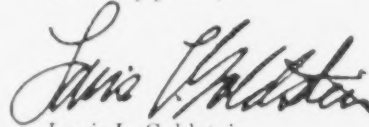
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the General Accounting Division with assistance from other personnel from the various departments and agencies of the State.

I will be pleased to furnish additional information on the State's finances upon request.

Cordially yours,

A handwritten signature in dark ink, appearing to read "Louis L. Goldstein", written in a cursive style.

Louis L. Goldstein
Comptroller of the Treasury
of Maryland

FINANCIAL SECTION



Consolidated tax system



State Comptroller's Office co-workers Bill Huebl and Ruth Anne King discuss some of the 291 conditions subject to user acceptance testing of the State of Maryland Tax System during the summer of 1993. The system contains nearly 300 computer programs that will process all tax accounts.

"Maryland is only the fourth state in the nation to implement a new consolidated computer system for tax administration," says State Comptroller Louis L. Goldstein

The State of Maryland Tax System will handle the processing for all state tax accounts administered by the State Comptroller's Office, creating one taxpayer history file for each taxpayer.

The change will consolidate the accounting systems for each tax; simplify tax

notices and other correspondence; streamline collection activities and eliminate the need for separate files in different divisions. The system will be organized by taxpayer - instead of by tax type - making life easier for both taxpayers and tax officials.

For example, a retail service station might file individual income tax returns, corporation income tax returns, sales and use tax returns, withhold income taxes from employees' wages, possess a cigarette retailer's license and a motor fuel tax registration. Under the new system, information about the owner's several accounts will be consolidated under the taxpayer's name and easily accessible.

The new system will cut costs, eliminate duplication of effort and boost efficiency. It will also improve tax compliance.

User acceptance testing for the system began in fiscal year 1993, after the completion of all planning and documentation. The individual income tax portion of the system was brought on line on September 1, 1993, and the business tax portion of the system is scheduled to go on line on June 1, 1994. □



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Arthur Andersen & Co.

120 East Baltimore Street
Baltimore MD 21202
410 727 5800

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Louis L. Goldstein
Comptroller of the Treasury of Maryland

We have audited the accompanying general purpose financial statements of the State of Maryland as of June 30, 1993, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of four loan insurance programs and six loan programs of the Maryland Departments of Housing and Community Development, Economic and Employment Development and Environment; Maryland Food Center Authority; Maryland Environmental Service, State Use Industries, Maryland Higher Education Loan Corporation, and Maryland Stadium Authority which represent total assets, revenues and expenses constituting 17.5 percent, 8.3 percent and 13.7 percent, respectively, of the related combined totals for Enterprise Funds and we did not audit the financial statements of the Maryland Transportation Authority which represent total assets, revenues and expenditures constituting 32.0 percent, 7.8 percent and 5.3 percent, respectively, of the related combined totals of the Special Revenue Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Maryland as of June 30, 1993, and the results of its operations and the cash flows of its Enterprise Funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents, which are also the responsibility of the State of Maryland's management, are presented for purposes of additional analysis and to meet legal reporting requirements and are not a required part of the general purpose financial statements. The information, except for the Schedules of Estimated Revenues and General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations—Budgetary Basis for the year ending June 30, 1994 (pages 79 and 80), has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and the reports of other auditors referred to above, and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report have not been audited by us and, accordingly, we express no opinion on such data.

Baltimore, Maryland
October 29, 1993

Arthur Andersen & Co.



Reorganization

"We've linked the implementation of the new computerized tax administration system to a reorganization of the Comptroller's Office along functional lines," says Maryland State Comptroller Louis L. Goldstein.

Recognizing that revenue divisions have common functions, such as returns processing, taxpayer accounting, audit, compliance and delinquent tax collection, the comptroller created a new organizational structure that will parallel the mission of the new State of Maryland Tax System to eliminate duplication, provide up-to-date information quickly and save tax dollars in processing.

As indicated by the organizational chart shown on another page in this report, the Revenue Administration Division will be responsible for processing all individual and business tax returns, depositing receipts and providing taxpayer service. Audit, compliance, enforcement and delinquent tax collections will be grouped under the Compliance Division.

The reorganization will also include an Alcohol and Tobacco Tax Unit and Motor Fuel Tax Unit responsible for legislation, licensing and other administrative functions unique to those industries. The Data Processing and General Accounting divisions, Central Payroll Bureau and Bureau of Revenue Estimates will continue to perform their functions essentially unchanged.

The reorganization and use of cutting edge technology permitted the comptroller to eliminate an additional 52 positions in early fiscal year 1994, resulting in a \$1.4 million annual savings.



The reorganization of the State Comptroller's Office consolidated deposit of all tax payments in one section of the new Revenue Administration Division. Co-workers like Elaine Knopp now process more than \$100 million per day in income tax, sales and use tax, employer withholding and other tax payments during heavy processing periods.

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF MARYLAND

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1993

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	Long-Term Debt	Higher Education	
Assets and Other Debits:										
Assets:										
Cash and cash equivalents	\$ 418,334	\$ 94,329	\$ 20,885	\$ 53,435	\$ 396,458	\$ 1,062,359			\$ 146,335	\$ 2,192,135
Investments	225,024	11,440	91,811	880	1,011,208	13,932,136			54,836	15,327,335
Amount on deposit with U.S. Treasury						199,663				199,663
Taxes receivable, net	372,780	59,462	5,351			239,082				676,673
Intergovernmental receivables	269,706	75,307		455	3,614	6,475			50,343	405,900
Other accounts receivable	36,261	21,559	1,242	328	54,290	203,141			22,304	339,125
Due from other funds	41,318	158,236	2,157	1,343	181,162	106,893			231,739	722,848
Inventories					3,089				12,906	15,995
Loans and notes receivable, net	63,148	3,907	43,333	17,813	2,103,129				46,914	2,218,235
Loans to other funds	756	75,000	6,372				\$7,485,090		2,485,855	82,128
Property, plant and equipment, net					309,717					10,280,662
Restricted assets					536					536
Deposits					307,031					307,031
Other assets					61,644				7,112	149,395
Other Debits:										
Amounts available in debt service fund for retirement of:										
General obligation bonds										
Transportation bonds										
Maryland Transportation Authority bonds										
Amounts to be provided for:										
Retirement of general obligation bonds										
Retirement of transportation bonds										
Retirement of Maryland Transportation Authority bonds										
Retirement of accrued workers' compensation costs										
Retirement of accrued annual leave										
Retirement of obligations under capital leases										
Total assets and other debits	\$1,424,771	\$522,435	\$171,151	\$ 74,254	\$4,431,869	\$15,749,749	\$7,485,090	\$4,010,017	\$3,058,344	\$36,927,680
Liabilities, Equity and Other Credits:										
Liabilities:										
Accounts payable and accrued liabilities	\$ 519,182	\$173,047		\$ 33,296	\$ 77,330	\$ 167,889			\$ 126,954	\$ 1,097,698
Due to other funds	670,876	7,095		444	39,415	5,018				722,848
Accounts payable to political subdivisions and local income tax refunds	65,258	56,151				562,018				683,427
Lottery prizes					353,825					363,825
Accrued insurance and loan losses					338,099					338,099
Other liabilities					48,212					48,212

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures, Other Sources
and Uses of Financial Resources and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
for the year ended June 30, 1993
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Types	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Income taxes	\$3,303,678					\$ 3,303,678
Sales and use taxes	1,718,152					1,718,152
Motor vehicle taxes and fees		\$1,119,416				1,119,416
Other taxes	829,113		\$ 205,822	\$ 4,173	\$481,379	1,520,487
Other licenses and fees	197,255					197,255
Charges for services	278,982	351,615				630,597
Interest and other investment income	21,907	4,504	8,709	38		35,158
Federal revenue	2,158,300	365,243		6,683	211,262	2,741,488
Other	243,578	4,328	3,206	625		251,737
Total revenues	8,750,965	1,845,106	217,737	11,519	692,641	11,517,968
Expenditures:						
Current:						
General government	494,041					494,041
Education	2,389,155					2,389,155
Economic and employment development	155,575				652,971	808,546
Human resources	926,954					926,954
Health and mental hygiene	2,781,409					2,781,409
Environment	51,598					51,598
Transportation		692,454				692,454
Public safety and judicial	862,311					862,311
Housing and community development	102,725					102,725
Natural resources and recreation	111,559					111,559
Agriculture	27,185					27,185
Intergovernmental	202,049	329,089		168,981		700,119
Debt service:						
Principal retirement			251,539			251,539
Interest			236,614			236,614
Capital outlays		665,387		93,837		759,224
Total expenditures	8,104,561	1,686,930	488,153	262,818	652,971	11,195,433
Excess (deficiency) of revenues over expenditures	646,404	158,176	(270,416)	(251,299)	39,670	322,535
Other sources (uses) of financial resources:						
Capital leases	15,577					15,577
Proceeds from bonds		74,357		258,062		332,419
Proceeds from refunding bonds			303,218			303,218
Operating transfers in	357,165	78,480	247,618	1,944		685,207
Operating transfers out	(787,899)	(172,794)	(3,256)	(58,347)		(1,022,296)
Recognition of fund liability		(65,000)				(65,000)
Payment to refunded bonds escrow agent			(298,759)			(298,759)
Net other sources (uses) of financial resources	(415,157)	(84,957)	248,821	201,659		(49,634)
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	231,247	73,219	(21,595)	(49,640)	39,670	272,901
Fund balances (deficit), July 1, 1992	(121,725)	136,915	186,418	90,154	285,293	577,055
Residual equity transfer	4,400					4,400
Fund balances, June 30, 1993	\$ 113,922	\$ 210,134	\$ 164,823	\$ 40,514	\$324,963	\$ 854,356

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances—Budget and Actual—

Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3)

for the year ended June 30, 1993

(Expressed in Thousands)

	Budgetary Funds								
	General Fund			Special Fund			Federal Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Income taxes	\$3,186,821	\$3,207,122	\$ 20,301	\$ 86,800	\$ 77,417	\$ (9,383)			
Sales and use taxes	1,719,500	1,718,152	(1,348)						
Other taxes	629,784	670,839	41,055	1,016,012	1,101,767	85,755			
Licenses and fees	130,132	129,106	(1,026)	241,897	308,995	67,098			
Charges for services	308,715	267,927	(40,788)	529,734	386,992	(142,742)			
Interest and other investment income	20,635	18,126	(2,509)	27,366	22,067	(5,299)			
Appropriated from general fund				116,485	116,485				
Other	399,033	371,987	(27,046)	353,734	303,521	(50,213)			
Federal revenue	950	53,144	52,194	4,542	21,004	16,462	\$2,755,995	\$2,365,681	\$(390,314)
Total revenues	6,395,570	6,436,403	40,833	2,376,570	2,338,248	(38,322)	2,755,995	2,365,681	(390,314)
Expenditures and encumbrances by major function:									
Payments of revenue to civil divisions of the State	30,000	22,500	7,500	1,411	1,289	122			
Public debt	23,500	23,500		331,119	299,203	31,916			
Legislative	37,553	34,740	2,813	200	199	1			
Judicial review and legal	207,650	201,577	6,073	5,805	4,727	1,078	4,513	3,917	596
Executive and administrative control	53,637	48,782	4,855	32,035	22,498	9,537	62,510	57,200	5,310
Financial and revenue administration	141,329	135,981	5,348	59,821	54,653	5,168			
Budgetary and fiscal administration	9,505	8,800	705	1,929	1,795	134			
Personnel administration, retirement and employee relations	12,232	10,899	1,333	9,768	9,503	265			
General services	40,911	37,638	3,273	11,992	7,727	4,265	320	159	161
Transportation and highways				1,456,176	1,354,721	101,455	544,131	354,955	189,176
Natural resources and recreation	52,994	47,190	5,804	64,183	50,992	13,191	17,493	15,309	2,184
Agriculture	19,388	16,487	2,901	10,697	6,116	4,581	2,571	1,637	934
Health, hospitals and mental hygiene	1,747,668	1,659,699	87,969	87,546	65,033	22,513	1,040,981	1,017,440	23,541
Human resources	511,395	479,695	31,700	58,673	56,955	1,718	457,354	406,940	50,414
Licensing and regulation	26,711	24,838	1,873	3,904	3,214	690	3,214	2,990	224
Public safety and correctional services	606,565	575,099	31,466	86,853	80,051	6,802	6,611	5,404	1,207
Public education	2,910,522	2,843,924	66,598	60,540	57,195	3,345	349,707	328,849	20,858
Housing and community development	21,010	16,791	4,219	39,663	32,221	7,442	58,636	44,083	14,553
Economic and employment development	35,953	32,797	3,156	33,711	16,813	16,898	129,249	121,436	7,813
Environment	26,565	24,105	2,460	20,435	8,065	12,370	74,617	18,968	55,649
Juvenile services	92,620	92,051	569	109	37	72	4,088	3,725	363
State reserve fund	52,000	51,800	200						
Reversions:									
Current year reversions	(263,621)		(263,621)						
Prior year reversions		(4,548)	4,548		(6,065)	6,065		(5,909)	5,909
Total expenditures and encumbrances	6,396,087	6,384,345	11,742	2,376,570	2,126,942	249,628	2,755,995	2,377,103	378,892
Changes in encumbrances during fiscal year 1993		(20,899)	20,899		5,788	(5,788)		(12,604)	12,604
Total expenditures	6,396,087	6,363,446	32,641	2,376,570	2,132,730	243,840	2,755,995	2,364,499	391,496
Excess (deficiency) of revenues over expenditures	(517)	72,957	73,474		205,518	205,518		1,182	1,182
Other sources (uses) of financial resources:									
Operating transfers in (out)	62,180	58,399	(3,781)		(64,905)	(64,905)		(1,182)	(1,182)
Excess of revenues over expenditures and other sources (uses) of financial resources	61,663	131,356	69,693		140,613	140,613			
Fund balances (deficit), July 1, 1992	(21,415)	(21,415)		296,244	296,244				
Fund balances, June 30, 1993	\$ 40,248	\$ 109,941	\$ 69,693	\$ 296,244	\$ 436,857	\$ 140,613	\$ -0-	\$ -0-	\$ -0-

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

—continued—

STATE OF MARYLAND

Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances—Budget and Actual—

Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3)

for the year ended June 30, 1993

(Expressed in Thousands)

	Budgetary Funds						Totals*		
	Higher Education Funds						(Memorandum Only)		
	Current Unrestricted Fund			Current Restricted Fund					
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Income taxes							\$ 3,273,621	\$ 3,284,539	\$ 10,918
Sales and use taxes							1,719,500	1,718,152	(1,348)
Other taxes							1,645,796	1,772,606	126,810
Licenses and fees							372,029	438,101	66,072
Charges for services							838,449	654,919	(183,530)
Interest and other investment income							48,001	40,193	(7,808)
Appropriated from general fund	\$ 584,009	\$ 584,009					700,494	700,494	
Other	745,836	706,080	\$ (39,756)	\$ 323,079	\$ 294,848	\$ (28,231)	1,821,682	1,676,436	(145,246)
Federal revenue							2,761,487	2,439,829	(321,658)
Total revenues	1,329,845	1,290,089	(39,756)	323,079	294,848	(28,231)	13,181,059	12,725,269	(455,790)
Expenditures and encumbrances by major function:									
Payments of revenue to civil divisions of the State							31,411	23,789	7,622
Public debt							354,619	322,703	31,916
Legislative							37,753	34,939	2,814
Judicial review and legal							217,968	210,221	7,747
Executive and administrative control							148,182	128,480	19,702
Financial and revenue administration							201,150	190,634	10,516
Budgetary and fiscal administration							11,434	10,595	839
Personnel administration, retirement and employee relations							22,000	20,402	1,598
General services							53,223	45,524	7,699
Transportation and highways							2,000,307	1,709,676	290,631
Natural resources and recreation							134,670	113,491	21,179
Agriculture							32,656	24,240	8,416
Health, hospitals and mental hygiene							2,876,195	2,742,172	134,023
Human resources							1,027,422	943,590	83,832
Licensing and regulation							33,829	31,042	2,787
Public safety and correctional services							700,029	660,554	39,475
Public education	1,329,845	1,268,635	61,210	323,079	299,498	23,581	4,973,693	4,798,101	175,592
Housing and community development							119,309	93,095	26,214
Economic and employment development							198,913	171,046	27,867
Environment							121,617	51,138	70,479
Juvenile services							96,817	95,813	1,004
State reserve fund							52,000	51,800	200
Reversions:									
Current year reversions							(263,621)		(263,621)
Prior year reversions		(149)	149		(6)	6		(16,677)	16,677
Total expenditures and encumbrances	1,329,845	1,268,486	61,359	323,079	299,492	23,587	13,181,576	12,456,368	725,208
Changes in encumbrances during fiscal year 1993		(3,733)	3,733		(78)	78		(31,526)	31,526
Total expenditures	1,329,845	1,264,753	65,092	323,079	299,414	23,665	13,181,576	12,424,842	756,734
Excess (deficiency) of revenues over expenditures		25,336	25,336		(4,566)	(4,566)	(517)	300,427	300,944
Other sources (uses) of financial resources:									
Operating transfers in (out)		(850)	(850)		10,021	10,021	62,180	1,483	(60,697)
Excess of revenues over expenditures and other sources (uses) of financial resources		24,486	24,486		5,455	5,455	61,663	301,910	240,247
Fund balances, July 1, 1992	102,161	102,161		1,747	1,747		378,737	378,737	
Fund balances, June 30, 1993	\$ 102,161	\$ 126,647	\$ 24,486	\$ 1,747	\$ 7,202	\$ 5,455	\$ 440,400	\$ 680,647	\$ 240,247

*These totals are the sum of this page and the preceding page.

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND
Combined Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Balances
Enterprise Funds and Pension Trust Funds
for the year ended June 30, 1993
(Expressed in Thousands)

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Pension Trust Funds	Total (Memorandum Only)
Operating revenues:			
Lottery ticket sales	\$ 882,246		\$ 882,246
Charges for services and sales	77,475		77,475
Contributions		\$ 778,514	778,514
Interest and other investment income	215,161	1,529,522	1,744,683
Other	22,360		22,360
Total operating revenues	1,197,242	2,308,036	3,505,278
Operating expenses:			
Prizes and claims	468,108		468,108
Commissions and bonuses	46,225		46,225
Cost of sales and services	54,123		54,123
Operation and maintenance of facilities	40,227		40,227
General and administrative	70,710	21,175	91,885
Interest	185,827		185,827
Depreciation and amortization	14,652		14,652
Benefit payments and refunds		565,985	865,985
Provision for insurance and loan losses	11,653		11,653
Other	7,744		7,744
Total operating expenses	899,269	887,160	1,786,429
Operating income	297,973	1,420,876	1,718,849
Non-operating revenues (expenses):			
Investment income	1,981		1,981
Interest expense	(15,632)		(15,632)
Operating grants	31,090		31,090
Other	(4)		(4)
Operating income before transfers	315,408	1,420,876	1,736,284
Operating transfers in	21,616		21,616
Operating transfers out	(335,420)		(335,420)
Net income	1,604	1,420,876	1,422,480
Add: Depreciation of cost of assets acquired from contributed capital	1,245		1,245
Increase in retained earnings/fund balance	2,849	1,420,876	1,423,725
Retained earnings/fund balance, July 1, 1992	272,060	12,734,094	13,006,154
Retained earnings/fund balance, June 30, 1993	\$ 274,909	\$14,154,970	\$14,429,879

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND
Combined Statement of Cash Flows
Enterprise Funds
for the year ended June 30, 1993
(Expressed in Thousands)

Cash flows from operating activities:		
Operating income		\$ 297,973
Adjustments to reconcile operating income to net cash provided by (used by) operating activities:		
Depreciation and amortization	\$ 14,652	
Gain on disposal of property, plant and equipment	(19)	
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Intergovernmental receivables	2,065	
Other accounts receivable	(3,811)	
Due from other funds	8,566	
Inventories	396	
Loans and notes receivable	(126,762)	
Other assets	(16,810)	
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	8,871	
Due to other funds	(124)	
Accrued insurance and loan losses	637	
Other liabilities	(2,145)	
Deferred revenue	571	
Accrued workers' compensation costs	169	
Accrued annual leave	(10)	
Total adjustments		(113,754)
Net cash provided by operating activities		184,219
Cash flows from noncapital financing activities:		
Increase in lottery prizes	73,563	
Lottery prize installment payments	(38,797)	
Proceeds from sale of revenue bonds	282,442	
Principal paid on revenue bonds	(248,875)	
Operating grants received	31,090	
Operating transfers in	21,616	
Operating transfers out	(335,420)	
Contributed capital	53,870	
Residual equity transfer	(4,400)	
Net cash used by noncapital financing activities		(164,911)
Cash flows from capital and related financing activities:		
Proceeds from notes payable and revenue bonds	16,954	
Principal paid on notes payable and revenue bonds	(3,643)	
Decrease in loans from other funds	(189)	
Interest payments	(15,632)	
Acquisition and construction of property, plant and equipment	(21,780)	
Decrease in restricted assets	7,580	
Payment of capital lease obligations	(3,685)	
Net cash used by capital and related financing activities		(20,395)
Cash flows from investing activities:		
Purchase of investments	(3,963,014)	
Proceeds from maturity and sale of investments	3,975,655	
Interest and gains on investments	1,981	
Decrease in deposits	11,772	
Other	18	
Net cash provided by investing activities		26,412
Net increase in cash and cash equivalents		25,325
Cash and cash equivalents balance, July 1, 1992		371,133
Cash and cash equivalents balance, June 30, 1993		\$ 396,458

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND

Balance Sheet

Higher Education Fund

June 30, 1993

(Expressed in Thousands)

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
Assets:						
Cash and cash equivalents	\$ 65,541	\$ 1,345	\$ 2,906	\$ 5,041	\$ 71,502	\$ 146,335
Investments	1,375			48,929	4,532	54,836
Intergovernmental receivables	923	49,420				50,343
Accounts receivable, net of allowance of \$6,708	20,198		46	390	1,670	22,304
Due from other funds	120,006	1,649		2,061	108,023	231,739
Inventories	12,906					12,906
Loans and notes receivable, net of allowance of \$8,803		14	46,900			46,914
Property, plant and equipment, net					2,485,855	2,485,855
Due from other fund groups	17,739	78			2,582	20,399
Other assets	5,971	16			1,125	7,112
Total assets	\$244,659	\$52,522	\$49,852	\$56,421	\$2,675,289	\$3,078,743
Liabilities:						
Accounts payable and accrued liabilities	\$ 89,759	\$14,738	\$ 329		\$ 22,128	\$ 126,954
Deferred revenue	33,782	1,037				34,819
Revenue bonds and other debt					487,678	487,678
Accrued workers' compensation costs	16,198	60				16,258
Accrued annual leave	47,243	929				48,172
Due to other fund groups	3,997	16,398	4			20,399
Obligations under capital leases					6,880	6,880
Total liabilities	190,979	33,162	333		516,686	741,160
Commitments and Contingencies (Notes 19 and 20)						
Fund balances:						
Investment in fixed assets					1,999,800	1,999,800
Reserved for:						
Encumbrances	14,437				2,681	17,118
Sponsored research		19,360				19,360
Loans to students			49,519			49,519
Endowment funds				56,421		56,421
Debt and plant additions					156,122	156,122
Unreserved, undesignated	39,243					39,243
Total fund balances	53,680	19,360	49,519	56,421	2,158,603	2,337,583
Total liabilities and fund balances	\$244,659	\$52,522	\$49,852	\$56,421	\$2,675,289	\$3,078,743

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND
Statement of Changes in Fund Balances
Higher Education Fund
for the year ended June 30, 1993
(Expressed in Thousands)

	Current Funds		Loan Funds	Endowment Funds	Plant Funds
	Unrestricted	Restricted			
Revenues and other additions:					
Unrestricted current fund revenues	\$ 80,130				
Education and general revenues	422,825				\$ 677
Auxiliary enterprises revenues	213,878				
Federal grants and contracts—restricted		\$276,988			89
State grants and contracts—restricted		712			
Private gifts, grants and contracts		64,754	\$ 71	\$ 532	3,712
Endowment income				15	
Investment income		2,645	45	19	1,068
Realized gain on investments				2,775	
Gain on disposal of plant assets					323
Interest on loans receivable			1,223		
U.S. Government advances			1,512		
Retirement of indebtedness					25,156
Expended for plant facilities (including \$51,648 charged to current funds expenditures)					211,269
Other		1,329	68		1,348
Total revenues and other additions	716,833	346,428	2,919	3,341	243,642
Expenditures and other deductions:					
Educational and general expenditures	1,019,485	306,574			
Auxiliary enterprises expenditures	178,693	1,083			
Indirect cost recovered		45,017			
Loan cancellations, write-offs and refunds, net of recoveries			1,486		
Retirement of indebtedness					25,156
Interest on indebtedness					17,039
Expended for plant facilities (including noncapitalized expenditures of \$11,484)					171,105
Disposal of property, plant and equipment					36,785
Other			1,037	272	843
Total expenditures and other deductions	1,189,178	352,674	2,523	272	250,928
Net increase (decrease) in fund balances before transfers	(472,345)	(6,246)	396	3,069	(7,286)
Transfers among funds—additions (deductions):					
Mandatory:					
Debt service	(48,811)	(724)			49,535
Loan fund matching grant	(170)	4	166		
Non-mandatory:					
Remodeling, renewals and replacements	(37,668)	(494)		250	37,912
Other	(3,146)	(249)		404	2,991
Total transfers among funds	(89,795)	(1,463)	166	654	90,438
Operating transfer from State's general and capital projects funds	584,009	10,037			56,847
Net increase in fund balances	21,869	2,328	562	3,723	139,999
Fund balances, July 1, 1992	31,811	17,032	48,957	52,698	2,018,604
Fund balances, June 30, 1993	\$ 53,680	\$ 19,360	\$49,519	\$56,421	\$2,158,603

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND
Statement of Current Fund Revenues,
Expenditures, and Other Changes
Higher Education Fund
for the year ended June 30, 1993
(Expressed in Thousands)

	Current Funds		Current Funds Total
	Unrestricted	Restricted	
Revenues:			
Student tuition and fees	\$ 385,192	\$ 7	\$ 385,199
Federal grants and contracts	36,384	196,385	232,769
State and local grants and contracts	4,167	50,120	54,287
Private gifts, grants and contracts	7,830	48,505	56,335
Sales and services	261,730	3	261,733
Investment income:			
Endowment income	493	2,148	2,641
Other	9,385	6	9,391
Other	11,652	1,305	12,957
Total revenues	716,833	298,479	1,015,312
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	471,401	27,101	498,502
Research	66,703	168,362	235,065
Public service	21,098	26,391	47,489
Academic support	104,923	2,510	107,433
Student services	56,775	1,744	58,519
Institutional support	134,026	1,347	135,373
Operation and maintenance of plant	106,394	68	106,462
Scholarships and fellowships	37,495	48,973	86,468
Auxiliary enterprises	186,914	177	187,091
Hospital	3,449	30,066	33,515
Other		918	918
Total expenditures	1,189,178	307,657	1,496,835
Mandatory transfers	(48,981)	(720)	(49,701)
Total expenditures and mandatory transfers	1,238,159	308,377	1,546,536
Other transfers and additions (deductions):			
Nonmandatory transfers	(40,814)	(743)	(41,557)
Operating transfer from State's general fund	584,009	10,037	594,046
Excess of restricted receipts over transfers to revenue		2,932	2,932
Total transfers and other additions (deductions)	543,195	12,226	555,421
Net increase in fund balances	\$ 21,869	\$ 2,328	\$ 24,197

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

STATE OF MARYLAND
Notes to General Purpose Financial Statements
for the year ended June 30, 1993

1. Financial Reporting Entity and Description of Funds and Account Groups:

The accompanying financial statements of the State of Maryland (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the enterprise funds.

The financial statements of the State have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The State's significant accounting policies are described below.

A. Reporting Entity:

The financial statements include the various departments, agencies, and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit within the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the State's ability to exercise oversight responsibility. The most significant evidence of this ability is financial interdependency. Other evidence of the ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the State and/or its citizens or is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the State is able to exercise oversight responsibilities.

Based on the application of these criteria, the following component units are included within the reporting entity:

- Maryland Industrial Development Financing Authority
- Maryland Housing Fund
- Community Development Administration
- Maryland Small Business Development Financing Authority
- Maryland Water Quality Financing Administration
- Maryland Food Center Authority
- Maryland State Lottery Agency
- Maryland Environmental Service
- State Use Industries
- Maryland Higher Education Loan Corporation
- Maryland Deposit Insurance Fund Corporation
- Maryland Stadium Authority
- Unemployment Insurance Program
- Maryland Transportation Authority
- Maryland State Retirement and Pension Systems
- Mass Transit Administration Pension Plan
- University of Maryland System
- Baltimore City Community College
- St. Mary's College of Maryland
- Morgan State University

The following are excluded from the reporting entity:

Maryland Health and Higher Education Facilities Authority—The fiscal operations and management are outside of the State system, the State does not have the ability to significantly influence operations and has no legal liability for deficits or loan defaults, and the governing board selects management staff.

Maryland Automobile Insurance Fund (Fund)—The governing board members are selected equally by the Governor and the insurance industry. The board then selects a chairperson. The Fund operates and is managed similar to companies in the insurance industry.

Injured Workers' Insurance Fund (IWIF)—The IWIF was established to provide workers' compensation insurance for participating employers in the State, including the State. Legislation was enacted, effective July 1, 1988, that made the IWIF independent of all State agencies, and not subject to any law affecting governmental public entities, with certain exceptions. The commissioners of the IWIF have control of its fiscal affairs. They are selected from employers, employees or other citizens of the State by the Governor to serve a 5-year term, indicating that the commissioners are not policy making instruments of any one Governor. The IWIF is independent of the authority of any State official. There are no special financing relationships between the State and the IWIF. Accordingly, the IWIF is autonomous and is not included in the financial reporting entity.

There are various other entities which are non-State agencies that have been excluded from the reporting entity. These entities, which include the Maryland School for the Blind, Blind Industries and Services of Maryland, Maryland Economic Development Corporation, Maryland-National Capital Park and Planning Commission, State Employees Credit Union and the Maryland Credit Union Insurance Corporation, are governed and controlled by their boards, members or by-laws. The scope of public service is limited in many cases and there are no special financial relationships with the State.

The GASB has adopted Statement Number 14 "The Financial Reporting Entity" which becomes effective for fiscal years beginning after December 15, 1992. The State plans to implement Statement Number 14 during the fiscal year ending June 30, 1994. The State has not completely analyzed the effects of this Statement and thus has not determined its impact on the financial statements.

B. Fund Accounting:

The State uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts which represent the fund's assets, liabilities, equity (deficit), revenues and expenditures or expenses. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is then divided into separate "fund types".

GOVERNMENTAL FUND TYPES

Transactions related to the acquisition and use of the government's expendable financial resources received and used for those services traditionally provided by a state government are accounted for in governmental funds. The governmental fund measurement focus is on determination of financial position (sources, uses and balances of financial resources), rather than on net income determination. Governmental funds include:

General Fund:

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other governmental funds, are accounted for in the general fund. The services include, among other things, general government, public safety and judicial, health and mental hygiene, human resources and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

Special Revenue Funds:

Transactions related to resources obtained, the uses of which are restricted for specific purposes, are accounted for in the special revenue funds. The special revenue funds account for resources used for operations

(other than debt service) of the Maryland Department of Transportation and the Maryland Transportation Authority, including construction or improvement of transportation facilities and mass transit operations. Prior to July 1, 1992, the Maryland Transportation Authority was classified as an Enterprise fund. Effective July 1, 1992, it is being accounted for as a special revenue fund to more properly reflect the nature of its activities.

Debt Service Funds:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations, Maryland Department of Transportation debt and Maryland Transportation Authority debt are accounted for in the debt service funds.

Capital Projects Fund:

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. Since the fund's resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 9).

PROPRIETARY FUND TYPE

Enterprise Funds:

Transactions related to commercial activities operated by the State are accounted for in the enterprise funds. The proprietary fund type differs from governmental fund types in that the focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The enterprise funds include:

1. Economic Development-Direct loan and loan insurance programs of the Maryland Departments of Housing and Community Development, Economic and Employment Development, and Environment.
2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.
3. Maryland State Lottery Agency, which operates the State Lottery.
4. Maryland Environmental Service, which constructs, maintains and operates water supply, and liquid and solid waste disposal facilities.
5. State Use Industries, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions, and charitable, civic, educational, fraternal or religious associations or institutions.
6. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guarantying loans made by commercial lenders.
7. Maryland Deposit Insurance Fund Corporation, which insured the deposits of member State-chartered savings and loan associations.
8. Maryland Stadium Authority, which maintains and operates a facility for the primary purpose of holding professional baseball games in Baltimore.

FIDUCIARY FUND TYPES

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

1. The expendable trust fund, which reflects the transactions, assets, liabilities and fund equity of the Unemployment Insurance Program. This fund is used to account for the unemployment taxes collected

from employers, federal revenue received and remittance of benefits to the unemployed, and is accounted for on a flow of current financial resources measurement focus.

2. The pension trust funds, which reflect the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems, and is accounted for using the flow of economic resources measurement focus.
3. Agency funds, which account for the receipt and disbursement of various taxes collected by the State for distribution to the Federal government and political subdivisions, patient and prisoner accounts, amounts withheld from employees payroll, amounts collected to pay medical insurance claims and amounts withheld from employees and invested in the Deferred Compensation Plan as directed by the employee. The GASB has adopted Statement Number 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which becomes effective for fiscal years beginning after June 15, 1993. The State plans to implement Statement Number 10 during the fiscal year ending June 30, 1994. The State has not completely analyzed the effects of this Statement and thus has not determined its impact on the financial statements; however the State's self insured medical insurance program will no longer be reported in the agency fund.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the State's general fixed assets and the unmatured principal of its general long-term debt and other long-term obligations of governmental fund types. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term obligations require current appropriation and expenditure of governmental fund financial resources.

General Fixed Assets Account Group:

General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than activities accounted for in the proprietary fund type and the higher education fund, are reflected in the general fixed assets account group at the time of acquisition. The general fixed assets are stated at cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the time donated. Depreciation is not provided for general fixed assets. Infrastructure assets (excluding Maryland Transportation Authority), consisting principally of highways, roads and bridges are not recorded in the general fixed assets account group.

General Long-Term Debt Account Group:

General obligation, transportation and Maryland Transportation Authority bonds payable, capital lease obligations, accrued workers' compensation costs and accrued annual leave related to general governmental activities are reflected in the general long-term debt account group.

HIGHER EDUCATION FUND

Transactions related to the financial activities of State higher education institutions are accounted for in the higher education fund. The financial statements of this fund have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide "Audits of Colleges and Universities", and therefore, are presented as a discrete entity in a separate column in the combined balance sheet. This Fund includes the combined activities of the University of Maryland System, St. Mary's College of Maryland, Morgan State University and Baltimore City Community College.

2. Summary of Significant Accounting Policies:

A. All Funds:

Retirement Costs:

Substantially all State employees participate in one of several State retirement systems (see Note 17). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. Retirement costs have been provided on the accrual basis predicated on actuarial valuations.

Accrued Workers' Compensation Costs:

The accrued workers' compensation costs represent the liability for anticipated claims and claims expense for State employees. The State records expenditures in the general fund and other funds as the claims are paid. The accrued workers' compensation costs are reported in the general long-term debt account group and accrued as a liability for the proprietary fund type and higher education fund.

Employee Benefit Costs:

Substantially all expenditures for pension, health and Federal social security benefits of governmental fund types are reported as program expenditures in the respective funds when paid. Benefit costs applicable to the proprietary fund type and higher education fund are reflected as expenses or expenditures in the respective funds.

The State also provides, in accordance with State Merit System Laws, postemployment health care benefits to retired employees and their dependents (generally employees who retired before July 1, 1984, employees who retired on or after July 1, 1984, with at least 5 years of creditable service and employees who receive disability retirement allowances or special death benefits). The State subsidizes approximately 50% to 90% of covered medical and hospitalization costs, depending on the type of insurance plan. The State assesses a surcharge for postemployment health care benefits which is based on health care insurance charges for current employees. During fiscal year 1993 these benefits amounted to \$41,649,000. There are 24,529 participants currently eligible to receive benefits.

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 45 days as of the end of each calendar year. Accumulated earned but unused annual leave for general government employees is accounted for in the general long-term debt account group. Liabilities for accumulated earned but unused annual leave applicable to proprietary fund type and the higher education fund are reported in the respective funds.

Total Memorandum Only:

The "Total Memorandum Only" column represents an aggregation of the individual combined financial statements and does not represent consolidated financial information.

B. Governmental Fund Types, Expendable Trust and Agency Funds:

Basis of Accounting:

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and recognized in the financial statements when they are both measurable and available to finance operations during the fiscal year or liquidate liabilities existing at the end of the fiscal year. Material revenues susceptible to accrual include: federal grants, personal income taxes, sales and use tax, and motor vehicle fuel and excise taxes. Expenditures are recognized when obligations are incurred as a result of receipt of goods and services. Modifications to the accrual basis of accounting include:

- Interest on long-term obligations reflected in the general long-term debt account group is recognized in the debt service fund when it becomes payable.
- Inventories of materials and supplies are recorded as expenditures when purchased. Such inventories are not material.
- Obligations for retirement costs, workers' compensation costs and employees' vested annual leave and sick leave are recorded as expenditures when paid.
- Encumbrances represented by executed and unperformed purchase orders and contracts, which are approved by the Department of Budget and Fiscal Planning, are recorded as reservations of fund balance as of the end of the fiscal year.

Grants:

Federal reimbursement type grants are recorded as revenues when the related expenditures are incurred.

Income Taxes:

The State accrues the net income tax receivable or refund due based on estimated income tax revenues and refunds due relating to the fiscal year that will not be collected or paid until after the fiscal year. The accrual is computed based on projected calendar year net tax collections, as estimated based upon tax laws in effect, future projections and historical experience. The portion of the receivable that will not be collected within sufficient time to liquidate payables as of year end is deferred.

Sales and Use Taxes:

The State accrues as a receivable June sales and use taxes that are unremitted at year end. These taxes are considered measurable and available as they represent June collections that are remitted to the State in July.

Property Taxes:

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real and personal property subject to taxation, due and payable each July 1 (lien date), based on assessed values as of the previous January 1, established by the State Department of Assessments and Taxation at various rates of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establish rates and levy its own tax on such assessed values. The State tax rate since 1982 has been maintained at 21¢ per \$100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Current collections are 98.2% of the total tax levy for the fiscal year.

Intergovernmental Expenditures:

General, special revenue and capital projects fund revenues paid to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

Capital Outlays:

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

Reserved General Fund and Special Revenue Fund Balances:

Loans receivable maturing after June 30, 1993, in the amounts of \$2,780,000 and \$78,823,000, are not available for current operations and accordingly, have been reflected as reservations of general fund balance and special revenue fund balance, respectively. A portion of the special revenue reserved fund balance, in the amount of \$75,000,000 as of June 30, 1993, has been reserved for an intrafund loan from the Maryland Transportation Authority to the Maryland Department of Transportation.

Portions of the general fund balance and the special revenue fund balance, in the amounts of \$63,233,000 and \$37,439,000, respectively, as of June 30, 1993, representing special budgetary and nonbudgeted agency resources, were reserved for agency activities and programs.

A portion of the general fund balance, in the amount of \$57,470,000 as of June 30, 1993, has been reserved for the State Reserve Fund. The State Reserve Fund is comprised of a Dedicated Purpose Account, an Economic Development Opportunities Program Fund, a Catastrophic Event Fund and a Revenue Stabilization Account with balances of \$1,383,000, \$2,475,000, \$2,717,000 and \$50,895,000, respectively, as of June 30, 1993. The Dedicated Purpose Account is designed to retain appropriations for major multi-year expenditures and to meet contingency requirements. The major use of the account has been the accumulation of reserves to meet the State's commitment to make payments to insured account holders of certain State chartered savings and loans in receivership. The Economic Development Opportunities Program Fund is to be used for extraordinary economic development opportunities and only as a supplement to existing programs. The Catastrophic Event Fund is to be used to respond without undue delay to a natural disaster or other catastrophic event that cannot be managed without appropriations. The Revenue Stabilization Account is designed to retain State revenues for future needs and reduce the need for future tax increases.

C. Enterprise Funds and Pension Trust Funds:

Basis of Accounting:

The accounts of the enterprise funds and pension trust funds are maintained and reported using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Grants:

Federal reimbursement type grants are recorded as revenues when the related expenditures, or expenses, are incurred.

Property, Plant and Equipment:

Significant property, plant and equipment of enterprise funds are stated at cost. Depreciation of the cost of property, plant and equipment of the enterprise funds is provided on the straight-line basis over estimated useful lives of 25 to 50 years for depreciable real property, 5 to 10 years for building improvements, and 3 to 10 years for equipment. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.

Lottery Revenues, Prizes and Operating Transfers:

Revenues and prizes of the Maryland State Lottery Agency (Lottery) are generally recognized as drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future. State law requires the Lottery to transfer to the State revenues in excess of amounts allocated to prize awards, operating expenses and capital expenditure payments. The excess revenues from selected games are transferred to the Maryland Stadium Authority. The excess revenues from all other games are transferred to the State's general fund.

Provisions for Insurance and Loan Losses:

Current provisions are made for estimated losses resulting from insurance of loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization.

The Maryland Deposit Insurance Fund Corporation provides for insurance losses at the time a member savings and loan association requires financial assistance or when such assistance is anticipated. These amounts are reviewed periodically and adjusted as required based on the financial and economic conditions at the time.

Inventories:

Inventories of the enterprise funds are stated at the lower of cost, using the first-in, first-out method, or market.

Enterprise Funds Reserved Retained Earnings:

Retained earnings of Maryland Environmental Service in the amount of \$2,927,000 are reserved for furtherance of program development activities as determined by its board of directors.

D. Higher Education Fund:

Basis of Accounting:

The accounts of the higher education institutions are maintained and reported on the accrual basis of accounting except for the recognition of tuition and fees revenue, and depreciation, as explained below.

Fund Accounting:

The financial activities of the higher education institutions are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of current restricted, loan and endowment funds are reported as reserved for higher education programs and higher education general endowment funds.

Unrestricted revenue is accounted for in the current unrestricted fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the current restricted fund, loan funds, endowment and plant funds. Revenue and expenditures are reported in the current restricted fund when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition and investment in property, plant and equipment are accounted for in the plant funds. To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt repayment and interest, and equipment renewals and replacements; and (3) transfers of a nonmandatory nature in all other cases. General endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized.

Grant Revenues:

Federal reimbursement type grants are recorded as revenues when the related expenditures are incurred in the unrestricted current fund and when the cash is received or expenditures are incurred in the restricted current fund. A portion of the fund balance of the restricted current fund represents cash received in excess of grant expenditures which is subject to refund to the Federal government if not expended for its intended purpose.

Student Revenues:

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

Accounts and Notes Receivable:

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of year-end receivables.

Inventories:

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

Property, Plant and Equipment:

Property, plant and equipment are stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for governmental colleges and universities, depreciation is not provided for the cost of property, plant and equipment.

Operating Transfers from State:

A substantial portion of the higher education fund's current unrestricted and plant fund expenditures are funded through appropriations from the State's general fund and capital projects fund, respectively, at the time the expenditures are encumbered or paid.

3. Budgeting and Budgetary Control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the following five Budgetary Funds:

General Fund:

The General Fund is the fund in which all general transactions of the State are recorded, unless otherwise directed to be included in another fund.

Special Fund:

The Special Fund includes all of the transportation activities of the State fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds, whereas the GAAP Special Revenue Fund includes only the operations (other than debt service) of the Maryland Department of Transportation and Maryland Transportation Authority.

- Federal Fund:

The Federal Fund accounts for substantially all grants from the Federal government.

Higher Education Funds:

Current Unrestricted Fund: Unrestricted revenue used or available for use in carrying out the current operations of the State's colleges and universities is accounted for in the current unrestricted fund.

Current Restricted Fund: Restricted gifts, grants and other restricted resources are accounted for in the current restricted fund.

Budgetary Fund Equities and Other Accounts:

In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds. The expenditures of the resources obtained thereby are accounted for in the capital projects fund. Because capital projects fund authorizations are not part of the annual budget, capital projects fund activities are not presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances—Budget and Actual—Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds for the year ended June 30, 1993.

All State budgetary expenditures for the general, special, federal, current unrestricted and current restricted funds are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendments. State governmental departments and independent agencies may, with the Governor's approval, amend the appropriations by major function within the general fund, provided they do not exceed their total general fund appropriations as contained in the annual budget. Increases in general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1993, the General Assembly approved increases in General Fund appropriations aggregating \$57,798,000. Appropriations for programs funded in whole or in part from the special, federal, current unrestricted or current restricted funds may permit expenditures in excess of original special, federal, current unrestricted or current restricted funds appropriations to the extent that revenues from the particular special, federal, current unrestricted or current restricted funds sources exceed original budget estimates and such additional expenditures are approved by the Governor or, in the case of the University of Maryland System, the Board of Public Works. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent encumbrances are approved by the Department of Budget and Fiscal Planning; all other appropriations lapse as of the end of the fiscal year. Unexpended appropriations from special, federal, current unrestricted and current restricted funds may be carried over to the extent of (a) available resources, and (b) encumbrances approved by the Department of Budget and Fiscal Planning.

The amended budget adopted by the General Assembly for the general, special, federal, current unrestricted and current restricted funds is presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances—Budget and Actual—Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds for the year ended June 30, 1993. The State's budgetary fund structure and the basis of accounting used for budgetary purposes, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summarization of the effect of the fund structure differences

and exceptions to the modified accrual basis of accounting, as of June 30, 1993 follows (amounts expressed in thousands):

	Total Budgetary Fund Equities and Other Accounts June 30, 1993	Financial Statement Funds						Trust and Agency	Higher Education
		General	Special Revenue	Debt Service	Capital Projects	Enterprise			
Classification of budgetary fund equities and other accounts into GAAP fund structure:									
General	\$ 109,941	\$109,941							
Special	436,857	131,765	\$121,647	\$ 61,926	\$18,882	\$102,637			
Current unrestricted	126,647								\$ 126,647
Current restricted	7,202								7,202
Other accounts (a):									
Non-budgeted	241,462	41,290	163,487	36,153		532			
Debt service transportation bonds	66,744			66,744					
Capital projects	124,753				21,632	103,121			
Enterprise	664,905					664,905			
Expendable trust	324,963						\$ 324,963		
Pension trust	14,154,970						14,154,970		
Higher education	2,203,734								2,203,734
Budgetary fund equities and other accounts classified into GAAP fund structure:	\$18,462,178	282,996	285,134	164,823	40,514	871,195	14,479,933		2,337,583
Accounting principle and timing differences:									
Assets recognized in the GAAP financial statements not recognized for budgetary purposes:									
Cash and cash equivalents		1,154							
Intergovernmental receivables		(12,000)							
Other accounts receivable		2,201							
Other assets		(1,468)							
Liabilities recognized in GAAP financial statements not recognized for budgetary purposes:									
Accounts payable and accrued liabilities		(32,742)							
Local income taxes payable to local income taxes agency fund		(106,893)							
Deferred revenue		(19,326)							
Loans from other funds			(75,000)						
GAAP financial statement fund equities, June 30, 1993		\$113,922	\$210,134	\$164,823	\$40,514	\$871,195	\$14,479,933		\$2,337,583

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting system maintained by the Comptroller, certain individual agencies which are not subject to the State's budget maintain accounting systems which permit financial reporting on the basis of generally accepted accounting principles. The changes in net assets of agencies whose accounting systems are not entirely maintained by the Comptroller are recorded in the State's accounting system as of the end of the fiscal year.

4. Cash and Cash Equivalents and Investments:

Substantially all cash and cash equivalents of the governmental fund types and certain proprietary and fiduciary funds are maintained by the State Treasurer on a pooled basis. The State Treasurer's Office invests short-term funds on a daily basis. The investments consist of purchases of securities or repurchase agreements. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 6, Subtitle 2, the State Treasurer may only invest in the following:

- Any obligation for which the United States has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a federal agency issues in accordance with an act of Congress.
- Repurchase agreements that any of these obligations secure.
- Bankers' acceptances.
- Mutual funds that invest solely in federal obligations.

A significant portion of the investments maintained by the State Treasurer consist of repurchase agreements. Collateral, which must be at least 102% of the book value of the repurchase agreement, must be delivered to the State Treasurer's custodian for safekeeping. Investments maturing within 90 days of purchase are reported in the financial statements as cash and cash equivalents.

Investments are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the State or its agent in the State's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

All of the State's investments held at year-end are subject to classification of credit risk except for those investments where the State owns units of a whole rather than specific securities, such as the Deferred Compensation Plan, annuity contracts, and mutual funds, which by their nature are not required to be categorized.

A. Governmental Fund Types, Expendable Trust and Agency Funds:

The bank deposits of the governmental fund types, expendable trust and agency funds as of June 30, 1993, were entirely insured or collateralized with securities held by the State or its agent in the State's name.

As of June 30, 1993, cash in the amount of \$2,244,000 was maintained with fiscal agents and represents funds transmitted to bond paying agents for which coupons have not been presented. These funds were entirely insured or collateralized with securities held by the State or its agent in the State's name.

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost, adjusted for amortization of premiums and accretion of discounts. Repurchase agreements aggregating \$1,118,320,000 (market value of collateral of \$1,222,225,000) and certificates of deposit aggregating \$5,326,000 (market value of \$5,326,000) as of June 30, 1993, are reported as cash and cash equivalents in governmental fund types. Also reported as cash and cash equivalents is \$20,232,000 of unexpended bond proceeds invested in tax-exempt money market trusts. The collateral for the repurchase agreements is held by the State's agent in the State's name. The certificates of deposit are covered by federal depository insurance.

The investments as of June 30, 1993, for the governmental fund types, expendable trust and agency funds are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and agency obligations	\$241,088			\$241,088	\$244,234
Repurchase agreements	70,000			70,000	68,169
Other	18,067			18,067	19,859
	<u>\$329,155</u>			329,155	332,262
Deferred Compensation Plan				528,867	528,867
Total				<u>\$858,022</u>	<u>\$861,129</u>

As of June 30, 1993, investments of the Deferred Compensation Plan included approximately \$15,529,000 in a guaranteed investment contract with Executive Life Insurance Company (Executive Life). Executive Life was placed in conservatorship by the California Insurance Commission. The Deferred Compensation Board believes there is a substantial possibility that Executive Life will not pay cost plus contractually accrued interest on this investment. Such a failure will require adjustments to participant balances and the financial statements of the Deferred Compensation Plan. As of June 30, 1993, no such adjustment has been made as the amount of the adjustment, if any, has not been determined.

B. Enterprise and Pension Trust Funds:

The bank deposits of the enterprise funds as of June 30, 1993, were entirely insured or collateralized with securities held by the fund or their agents in the fund's name.

The Pension Trust Fund's (Fund) cash deposits (including cash equivalents) are also categorized to give an indication of the level of risk assumed at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the Fund's custodian in the name of the Fund. Category 2 includes deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the Fund's name. Category 3 includes deposits that are uncollateralized. At year-end, the Fund's bank deposits were uninsured and uncollateralized, except for deposits covered by Federal depository insurance. As of June 30, 1993, the carrying amount of the Fund's deposits was \$705,000 and the bank balance was \$2,289,000. The Fund's uninsured and uncollateralized deposits as of June 30, 1993, were \$1,787,000.

Investments of the enterprise funds are stated at cost, adjusted for amortization of premiums and accretion of discounts. The investment policies for all enterprise funds, with the exception of the Community Development Administration, are the same as those of the State Treasurer. The Community Development Administration, an agency of the Department of Housing and Community Development, is authorized to invest in obligations of the U.S. Treasury, U.S. Government agencies and corporations, political subdivisions of the U.S., banker's acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks. The U. S. Treasury and agency obligations and collateral for the repurchase agreements are held by the fund's agent in the fund's name.

The Pension Trust Fund (Fund), in accordance with Article 73 B, Section 160 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations, and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension Systems. The law further provides that not more than 15% of the assets that are invested in common stocks may be invested in non-dividend paying common stocks. The pension trust fund's investments are commingled in three combined investment funds. Two investment funds consist principally of bonds and other fixed income investments while the other investment fund consists principally of common stocks. Certain amounts totalling \$675,574,000 (market value of \$675,574,000) are not invested in the investment funds, but are reported as cash and cash equivalents. All of the Fund's investments meet the criteria of category 1, except for cash equivalents with a carrying value totalling \$182,485,000 as of June 30, 1993, which meet the criteria of category 2. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments as of June 30, 1993 for the enterprise and pension trust funds are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and agency obligations	\$ 320,639			\$ 320,639	\$ 365,323
Repurchase agreements	288,008			288,008	288,008
Bonds	8,104,582			8,104,582	8,802,879
Corporate equity securities	4,494,342			4,494,342	6,197,096
Other	56,286			56,286	57,563
	<u>\$13,263,857</u>			<u>13,263,857</u>	<u>15,710,869</u>
Annuity contracts				355,291	355,291
Mutual funds				795,329	758,764
Total				<u>\$14,414,477</u>	<u>\$16,824,924</u>

C. Higher Education Fund:

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1993, were \$5,428,000. Of the bank balances, \$2,063,000 was covered by federal, private or foreign national government depository insurance, \$3,730,000 was collateralized by a pledge of U.S. Treasury obligations held by Federal Reserve banks in the name of the banking institutions, and \$1,026,000 was uninsured and uncollateralized. Mutual funds and money market funds aggregating \$85,464,000 at June 30, 1993, are reported as cash and cash equivalents.

Investment funds established by higher education institutions relate principally to endowment and trust accounts required by debt instruments. In general, endowment funds can be invested in debt and equity securities and trust accounts can be invested only in debt securities. These investments include U.S. Treasury and agency obligations, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances and money market funds.

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments as of June 30, 1993, for the higher education fund are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and agency obligations	\$12,849			\$12,849	\$14,179
Corporate debt securities	5,948			5,948	6,564
Corporate equity securities	28,294			28,294	53,887
Money Market	4,043			4,043	4,047
Other	3,702			3,702	3,580
Total	\$54,836			\$54,836	\$82,257

5. Taxes Receivable:

Taxes receivable, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

	Funds			
	General	Special Revenue	Debt Service	Trust and Agency
Income taxes	\$209,136			\$108,944
Sales and use taxes	161,364			
Transportation taxes, principally motor vehicle fuel and excise		\$59,462		
Unemployment compensation taxes				153,353
Other taxes, principally alcohol, tobacco and property	2,928		\$5,351	
	373,428	59,462	5,351	262,297
Less allowance for doubtful accounts	648			23,215
Taxes receivable, net	\$372,780	\$59,462	\$5,351	\$239,082

6. Due From/To Other Funds:

Interfund receivables and payables, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General fund	Special revenue funds—Maryland Department of Transportation	\$ 6,628
	Enterprise funds—Maryland State Lottery Agency	26,927
	—Maryland Environmental Service	2,745
	Agency funds—Local admissions and amusement taxes	1,322
	Pension trust fund	3,696
Special revenue funds—Maryland Department of Transportation	General fund	158,236
Debt service funds—		
General obligation bonds	Capital projects fund	444
Transportation bonds	General fund	1,246
Capital projects fund	Special revenue funds—Maryland Department of Transportation	467
Agency funds—	General fund	1,343
Local income taxes	General fund	106,893
Enterprise funds—		
Economic Development—Insurance Programs	General fund	39,616
—Loan Programs	General fund	48,329
	Enterprise funds—Economic Development—Insurance Programs	9,743
Maryland Food Center Authority	General fund	5,645
Maryland State Lottery Agency	General fund	44,295
State Use Industries	General fund	4,109
Maryland Higher Education Loan Corporation	General fund	23,237
Maryland Stadium Authority	General fund	6,188
Higher Education fund	General fund	231,739
		\$722,848

7. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

	Funds					Higher Education
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	
Notes receivable for advances of general obligation bond proceeds:						
Political subdivisions:						
Water quality projects			\$14,148		\$ 104,999	
Public school construction			2,127			
Other			3,146			
Hospitals and nursing homes			26,234			
Permanent mortgage loans					1,995,661	
Savings and loan association loans					2,666	
National direct student loans						\$45,712
Health profession loans						9,991
Shore erosion loans				\$17,813		
Other	\$3,148	\$3,907	96		9,115	14
	3,148	3,907	45,751	17,813	2,112,441	55,717
Less allowance for possible loan losses			2,418		9,321	8,803
Loans and notes receivable, net	\$3,148	\$3,907	\$43,333	\$17,813	\$2,103,120	\$46,914

Notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 3% to 9.19% and mature over the next 28 years. Notes receivable maturing after June 30, 1994, in the amount of \$34,858,000 are deemed to be not available for debt service because such amounts do not represent available expendable financial resources. Accordingly, the amount has been reflected as a reservation of the debt service fund fund balance.

The permanent mortgage loans consist of financing for single and multi-family projects, rental projects, small businesses, industrial sites and various other purposes. Substantially all the mortgage loans are insured or guaranteed.

Savings and loan association loans were purchased from or made to member associations of the Maryland Deposit Insurance Fund Corporation.

National direct student loans and health profession loans are made pursuant to student loan programs funded through the U.S. Government.

8. Property, Plant and Equipment:

Property, plant and equipment, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

Enterprise Funds:

Land and improvements (includes land being held for development or sale of \$5,837)	\$115,964
Structure and improvements	170,599
Equipment	65,861
Construction in progress	3,745
	356,169
Less accumulated depreciation	46,452
Total	\$309,717

General Fixed Assets:

General fixed assets as of July 1, 1992, have been restated to include Maryland Transportation Authority's fixed assets which were included in enterprise funds in the prior year.

General fixed assets activity by asset classification for the year ended June 30, 1993, was as follows (amounts expressed in thousands):

Classification	Balance July 1, 1992	Additions	Deletions	Transfers in (out)	Balance June 30, 1993
Land and improvements	\$ 870,655	\$ 18,781	\$ 1,428	\$ 17,491	\$ 905,499
Structure and improvements	4,662,841	74,205	11,851	142,267	4,867,462
Equipment	1,135,817	63,156	35,464	48,512	1,212,021
Construction in progress	486,260	222,118		(208,270)	500,108
Total	\$7,155,573	\$378,260	\$48,743	\$ -0-	\$7,485,090

Higher Education Fund:

Property, plant and equipment, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

Land	\$ 49,221
Structure and improvements	1,631,351
Equipment	658,861
Construction in progress	146,422
Total	\$2,485,855

9. General Obligation Bonds:

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, including facilities for institutions of higher education, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter, the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution, authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

The proceeds from general obligation bonds issued after December 31, 1986, are subject to Federal regulations governing the investment and use of proceeds of tax-exempt debt issuances.

Bonds issued after January 1, 1988, are subject to redemption provisions at the option of the State.

During fiscal year 1993, general obligation bonds aggregating \$260,410,000 were issued at a discount of \$2,348,000.

On May 19, 1993, the State issued \$147,740,000 in general obligation bonds with an average interest rate of 4.76% to advance refund \$130,475,000 of certain outstanding 1987-1990 series bonds with an average interest rate of 6.81%. The net proceeds of \$146,065,000 (after payment of \$1,675,000 in underwriters discount and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result these bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. The State advance refunded certain 1987-1990 series bonds to reduce its total debt service payments over the next 15 years by \$5,549,000 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$4,874,000.

General obligation bonds outstanding and bonds authorized, but unissued, as of June 30, 1993, were as follows (amounts expressed in thousands):

Purpose	Outstanding		Authorized But Unissued
	Interest Rates	Amount	Amount
General construction	4.7% to 11.3%	\$ 948,709	\$ 186,687
Public school construction	4.7 to 11.3	463,145	6,000
Water quality	4.7 to 11.3	184,640	90,881
Sanitary facilities and sewage treatment	5.0 to 11.3	9,230	13,350
Hospitals and nursing homes	4.7 to 11.3	31,160	8,850
Community colleges and vocational schools	4.7 to 11.0	32,570	11,325
Housing loans	4.7 to 11.3	37,085	3,203
Jails and correctional institutions	4.7 to 11.3	100,074	77,768
Private colleges	5.0 to 11.3	34,992	18,150
Social, cultural and historical	4.7 to 11.3	68,725	39,129
Consolidated capital bonds	4.5 to 5.5	54,816	620,308
Refunding debt	4.5 to 5.1	147,740	
Other	4.7 to 11.3	166,504	63,367
		\$2,279,390	\$1,139,018

As of June 30, 1993, general obligation debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30	Total	Years Ending June 30,	Total
1994	\$326,109	2002	\$195,190
1995	353,097	2003	176,470
1996	343,995	2004	141,444
1997	318,858	2005	122,623
1998	294,289	2006	98,332
1999	242,860	2007	65,974
2000	243,170	2008	28,105
2001	217,735		

On October 6, 1993, general obligation bonds aggregating \$283,545,000 were issued with a discount of \$2,321,000. The interest rates on this issue range from 3% to 4.75% and the bonds mature serially through 2008.

10. Transportation Bonds:

Transportation Bonds outstanding as of June 30, 1993, were as follows (amounts expressed in thousands):

	Outstanding
Consolidated Transportation Bonds—4.3% to 7.1%, due serially through 2007	\$ 959,800
County Transportation Bonds—5.1% to 5.6% Refunding Series, due serially through 1997	21,930
County Transportation Bonds—4.6% to 9.0%, due serially through 2006	116,905
	<u>\$1,098,635</u>

Consolidated Transportation Bonds are limited obligations issued by the Department of Transportation (Department) for highway, port, airport or mass transit facilities, or any combination of such facilities. The principal must be paid within 15 years from the date of issue.

The maximum aggregate principal amount of Consolidated Transportation Bonds that may be outstanding is \$950,000,000 to \$1,200,000,000, with the General Assembly establishing in each fiscal year's budget the maximum outstanding amount of these bonds that can be outstanding June 30 of the respective fiscal year up to the maximum of \$1,200,000,000. For fiscal year 1993, the aggregate principal amount of consolidated Transportation Bonds that may be outstanding as of June 30, 1993, was \$960,000,000.

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding as of June 30, 1993), which are paid from the proceeds of Consolidated Transportation Bonds which are deposited in the special revenue fund. Principal of and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and the corporate income tax credited to the Department. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts (excluding Federal funds for capital projects, bond and note proceeds, income received from a sinking fund separately dedicated to the Refunding Bonds, and other receipts not available for debt service), less administration, operation and maintenance expenses, for the preceding fiscal year equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued, and that (ii) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities, and to provide local participating funds for federally-aided highway projects. Debt service on these bonds is payable from the counties' and Baltimore City's shares of highway user revenues.

By law, the Department may not issue County Transportation Bonds on behalf of a participant if such participant's share of highway user revenues for the latest fiscal year is less than twice such participant's maximum annual debt service on County Transportation Bonds.

The proceeds from transportation bonds issued after December 31, 1986, are subject to Federal regulations governing the investment and use of proceeds of tax-exempt debt issuances.

During fiscal year 1993, Consolidated Transportation Bonds aggregating \$75,000,000 were issued at a discount of \$643,000.

As of June 30, 1993, Transportation bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30	Consolidated Transportation Bonds	County Transportation Bonds	Total Transportation Bond Debt Service Requirements
1994	\$ 81,647	\$27,294	\$108,941
1995	94,633	26,892	121,525
1996	112,621	27,002	139,623
1997	120,506	19,912	140,418
1998	126,085	19,198	145,283
1999	126,146	14,737	140,883
2000	124,077	12,057	136,134
2001	120,867	8,966	129,833
2002	121,014	7,948	128,962
2003	95,227	6,687	101,914
2004	98,652	4,628	103,280
2005	100,818	3,818	104,636
2006	66,773	2,717	69,490
2007	25,881	892	26,773
2008	9,766		9,766

On September 8, 1993, Consolidated Transportation Bonds aggregating \$40,000,000 were issued at a discount of \$397,000. The interest rates on this issue range from 3.9% to 4.8% and mature serially through 2008.

On September 8, 1993, Consolidated Transportation Bond Refunding Series aggregating \$211,985,000 were issued with a discount of \$1,450,000. The interest rates on this issue range from 3.6% to 4.4% and mature serially through 2005.

11. Maryland Transportation Authority Bonds:

The Maryland Transportation Authority (Authority) has issued Transportation Facilities Projects Revenue Bonds, Series 1985 (Refunding), Series 1991 and 1992, which are payable solely from the revenues of the transportation facilities projects. Bonds outstanding as of June 30, 1993, consisted of (amounts expressed in thousands):

Revenue bonds, Series 1985, maturing in annual installments from \$1,070 to \$5,365 from July 1, 1993, through July 1, 2000, with interest rates ranging from 7.5% to 8.65%, payable semiannually	\$ 27,925
Term bonds with interest at 8.8%, payable semiannually, due July 1, 2005	11,365
Term bonds with interest at 7%, payable semiannually, due July 1, 2016	17,795
Revenue bonds, Series 1991, maturing in annual installments from \$4,735 to \$9,380 from July 1, 1995, to July 1, 2006, with interest rates ranging from 6% to 6.5%, payable semiannually	81,000
Revenue bonds, Series 1992, maturing in annual installments from \$5,135 to \$14,570 from July 1, 1996, to July 1, 2013, with interest rates ranging from 4.375% to 5.8%, payable semiannually	94,200
Capital appreciation bonds maturing in annual installments of original principal and an accreted amount ranging from \$3,000 to \$15,420 from July 1, 2004, to July 1, 2015, with approximate yield to maturity of 6% to 6.35%	43,152
Current interest term bond with interest payable semiannually at 5.75% due July 1, 2015	27,020
	<u>\$302,457</u>

The Series 1985 refunding revenue bonds maturing after July 1, 1995, are subject to redemption, at the Authority's option, beginning July 1, 1995. The redemption prices range, as a percentage of the principal amount, from 100% to 102%. A portion of the bonds maturing on July 1, 2005, is subject to redemption beginning in 2001. The principal amortization requirements range from \$4,930,000 to \$6,350,000 per year. The Series 1991 revenue bonds maturing after July 1, 2001 are subject to redemption, at the Authority's option, on or after July 1, 2001, at redemption prices ranging from 100% to 102% of the principal amount.

A portion of the Series 1992 revenue bonds, \$13,130,000 of the current interest term bonds stated to mature on July 1, 2015, are subject to mandatory sinking fund redemption on July 1, 2014, at a redemption price equal to the principal amount plus accrued interest. The current interest serial bonds stated to mature on July 1, 2013, and the balance of the current interest term bonds stated to mature on July 1, 2015 are subject to redemption at the option of the Authority on or after July 1, 2002 without premium. The capital appreciation bonds are not subject to early redemption. Capital appreciation bonds payable as of June 30, 1993, include an accreted amount of \$2,257,000.

In August 1992, the Authority issued \$162,115,000 in revenue bonds, which are described in the preceding paragraph, to advance refund \$132,220,000 of outstanding Series 1985 revenue bonds with an average interest rate of 8.97%. The net proceeds of \$152,694,000 (after payment of \$2,210,000 in issuance costs and a \$6,800,000 deposit to a required Series 1992 reserve subaccount) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Series 1985 revenue bonds. As a result, this portion of the Series 1985 revenue bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. This refunding resulted in a reduction of future debt service cash flows of \$19,133,000.

As of June 30, 1993, Maryland Transportation Authority Bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30	Total	Years Ending June 30	Total
1994	\$18,058	2006	\$28,874
1995	18,860	2007	28,918
1996	23,601	2008	28,156
1997	28,721	2009	28,562
1998	28,719	2010	28,910
1999	28,724	2011	29,263
2000	28,740	2012	29,570
2001	28,753	2013	29,876
2002	28,772	2014	21,117
2003	28,795	2015	21,162
2004	28,815	2016	21,214
2005	35,769	2017	19,041

As of June 30, 1993, \$170,110,000 of revenue bonds are considered defeased.

12. Changes in General Long-Term Debt:

Changes in general long-term debt, for the year ended June 30, 1993, were as follows (amounts expressed in thousands):

	General Obligation Bonds	Transportation Bonds	Maryland Transportation Authority Bonds	Accrued Workers' Compensation Costs	Accrued Annual Leave	Obligations Under Capital Leases
Balance, July 1, 1992	\$2,178,199	\$1,096,240	\$ 272,760	\$92,497	\$129,609	\$101,161
Bond Issuances	408,150	75,000	164,372			
Increase in obligations under capital leases						15,577
Bond principal retirements	(306,959)	(72,605)	(134,675)			
Retirements of obligations under capital leases						(13,715)
Net decrease in accrued workers' compensation costs				(1,253)		
Net increase in accrued annual leave					5,659	
Balance, June 30, 1993	\$2,279,390	\$1,098,635	\$ 302,457	\$91,244	\$135,268	\$103,023

The July 1, 1992, balances have been restated to reflect the transfer of the Maryland Transportation Authority from the enterprise fund to the special revenue fund.

13. Other Long-Term Obligations:

A. General Governmental Fund Type:

Obligations Under Capital Leases:

Obligations under capital leases totaled \$103,023,000 as of June 30, 1993, bearing interest at annual rates ranging from 4.25% to 8.7%. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1993 (amounts expressed in thousands):

Years Ending June 30	Amount
1994	\$ 20,161
1995	19,944
1996	18,380
1997	14,203
1998	8,006
1999 and thereafter	64,470
Total future minimum payments	145,164
Less amount representing interest	42,141
Present value of net minimum lease payments	\$103,023

B. Special Revenue Governmental Fund Type:

In accordance with a Memorandum of Understanding dated September 10, 1990, the Maryland Transportation Authority (Authority) transferred \$75,000,000 to the Maryland Department of Transportation (Department). The funds were used by the Department for capital outlays relating to the central light rail project. These funds were transferred on an interest free basis during fiscal years 1991 through 1993. During fiscal year 1993 \$10,000,000 was transferred by the Authority to the Department. The Department shall repay this loan at the rate of \$25,000,000 per year beginning in fiscal year 1995. In the event the \$75,000,000, or any part of it, is not appropriated or repaid to the Authority in accordance with the repayment schedule, the Department is required to pay interest at the rate of 8% per annum on the unpaid balance.

During fiscal year 1993, the Department recorded an other use of resources to establish the \$65,000,000 transferred prior to June 30, 1992, as a fund liability. The \$10,000,000 transferred during fiscal year 1993 was recorded as a fund liability of the Department.

C. Enterprise Funds:

Community Development Administration (Administration):

Revenue Bonds:

The Administration, an agency of the Department of Housing and Community Development, has issued revenue bonds, the proceeds of which were used to provide funds for its various mortgage loan programs. Assets aggregating approximately \$2,539,876,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 3.4% to 14% and the bonds mature serially through May 15, 2034. The balance as of June 30, 1993, is \$2,325,645,000.

Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 100% to 103% of the outstanding principal amount.

Maryland Water Quality Financing Administration (Administration):

Revenue Bonds:

The Administration, an agency of the Department of Environment, has issued revenue bonds to provide funds for making loans. The balance as of June 30, 1993, is \$131,746,000. Interest rates range from 4.1% to 7.25% with \$87,316,000 due serially from September 1, 1993, to September 1, 2014 and term bonds aggregating \$44,430,000 due from September 1, 2007, to September 1, 2014. The bonds are payable solely from the revenue, money or property of the Administration pledged therefore.

The bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at premiums ranging up to 2.5% of the outstanding principal amount.

Maryland Food Center Authority (Authority):

Loans from Other Funds:

In 1970, the Board of Public Works loaned to the Authority \$4,000,000, which was obtained from the issuance of general obligation bonds by the State. The Authority is obligated to pay interest and principal on these bonds after all principal and interest has been paid on any revenue bonds which may be issued by the Authority.

In 1972, the Authority assumed a non-interest bearing obligation in the amount of \$795,000 due to the State pursuant to the transfer of New Marsh Market assets and obligations to the Authority. The Authority is obligated to repay the State after all principal and interest has been paid on any revenue bonds which may be issued by the Authority.

Total principal due to the State's debt service fund is summarized as follows (amounts expressed in thousands):

Greater Baltimore Regional Consolidated Wholesale Food Market Loan	\$5,577
Debt assumed from New Marsh Wholesale Produce Market	795
	\$6,372

Revenue Bonds:

On July 27, 1988, the Board of Public Works, with the approval of the Authority's Board of Directors, gave its approval for the purchase of the Maryland Wholesale Seafood Market. On July 28, 1988, the agreement of sale was executed and the transaction completed. The Authority has assumed the existing debt of the seller, a revenue bond bearing interest at the annual rate of 10 5/8%, maturing December 15, 2013, and due in semiannual installments of \$278,000 each. The balance as of June 30, 1993, is \$4,608,000.

Maryland State Lottery Agency:

Obligations Under Capital Leases:

Obligations under capital leases of \$9,734,000 exist as of June 30, 1993 bearing interest at an annual rate of 7.5%. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1993 (amounts expressed in thousands):

Years Ending June 30	Amount
1994	\$ 3,678
1995	3,678
1996	3,678
Total future minimum payments	11,034
Less amount representing interest	1,300
Present value of net minimum lease payments	\$ 9,734

Notes Payable:

As of June 30, 1993, the Lottery had notes payable outstanding related to the financing of certain gaming equipment. The balance outstanding as of June 30, 1993, is \$8,908,000. Interest rates on the notes range from 4.6% to 6.7%.

Maryland Environmental Service (Service):

Revenue Bonds:

The Service has issued revenue bonds and other debt for the construction of certain projects. The balance at June 30, 1993, is \$27,029,000. The debt bears interest at rates ranging from 3.3% to 8.46%. The bonds are collateralized by the assets and revenues of the projects and any other revenues of the Service that are not otherwise pledged. All rights, title and interest in the related property, plant and equipment remains with the Service until expiration or completion of the project and repayment of the revenue bonds. Thereafter, title to the assets pass to the governmental unit served by the projects.

State Use Industries:

Loans From Other Funds:

In July 1982, the general fund loaned State Use Industries \$2,000,000. The loan bears no interest and is repayable as operational earnings permit with no time limit. The fiscal year 1990 and 1989 budget laws contained provisions whereby \$500,000 of the loan would become null and void each year if State Use Industries increased inmate employment by a certain level. This was accomplished and, accordingly, the loan was reduced each year by \$500,000. The balance as of June 30, 1993, is \$756,000.

The fiscal year 1993 budget law provides that State Use Industries shall make annual payments of \$189,000 to the general fund to repay the balance of the loan, beginning in fiscal year 1993.

Maryland Stadium Authority (Authority):

Notes Payable:

In May 1989, the Authority issued lease revenue notes to finance the acquisition of property for the construction of a Stadium. The principal amount outstanding as of June 30, 1993 is \$17,330,000, with interest payable semiannually at rates varying from 9.65% to 10%. The notes mature serially in varying amounts through 2019.

Revenue Bonds:

In November 1989, the Authority issued lease revenue bonds to finance the construction of the Stadium and to refinance, in part, the costs of acquiring and preparing the property at the Stadium site. The principal amount outstanding as of June 30, 1993, is \$135,965,000, with interest payable semiannually at rates varying from 6.3% to 7.6% per annum. The bonds mature serially in varying amounts through 2019.

Obligations Under Capital Leases:

Obligations under capital leases of \$3,096,000 exist as of June 30, 1993. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1993 (amounts expressed in thousands):

Years Ending June 30	Amount
1994	\$ 452
1995	458
1996	678
1997	678
1998	679
1999 and thereafter	2,375
Total future minimum payments	5,320
Less amount representing interest	2,224
Present value of net minimum lease payments	\$3,096

Maturities of enterprise funds notes payable and revenue bond principal are as follows (amounts expressed in thousands):

Years Ending June 30	Community Development Administration	Maryland Water Quality Financing Administration	Maryland Food Center Authority	Maryland State Lottery Agency	Maryland Environmental Service	Maryland Stadium Authority
1994	\$ 125,009	\$ 2,160	\$ 68	\$1,677	\$ 2,143	\$ 1,825
1995	47,637	3,550	76	1,761	2,366	1,950
1996	52,337	5,830	84	1,849	1,987	2,085
1997	52,825	6,435	93	1,767	1,834	2,240
1998	52,493	6,715	103	1,854	1,353	2,400
1999 and thereafter	1,995,344	106,956	4,184		17,346	142,795
	\$2,325,645	\$131,746	\$4,608	\$8,908	\$27,029	\$153,295

D. Higher Education Fund:

Long-Term Debt:

Certain State higher education institutions have issued revenue bonds and mortgage loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. The mortgage loans payable are collateralized by real estate. Interest rates range from 3% to 7.2% on the revenue bonds and the rate is 3% on the mortgage loans payable. In June 1992, the University of Maryland System issued serial Equipment Loan Program Obligations to finance the acquisition of new equipment and to refinance the balance of amounts due under certain installment purchase agreements for equipment currently in the possession of the System. Payments of principal and interest, at rates from 2.6% to 6.15%, are to be made semiannually through 2007. The Equipment Obligations are callable, at the option of the System, at premiums of no more than 2%, beginning in 2003. Maturities of principal are as follows (amounts expressed in thousands):

Years Ending June 30	Equipment Loan Program Obligations	Revenue Bonds	Mortgages and Other	Total
1994	\$ 6,885	\$ 14,728	\$ 3,149	\$ 24,762
1995	6,605	17,596	2,477	26,678
1996	5,950	18,629	2,276	26,855
1997	5,695	19,736	1,909	27,340
1998	1,665	21,135	1,360	24,160
1999 and thereafter	13,010	340,243	4,630	357,883
	\$39,810	\$432,067	\$15,801	\$487,678

The bonds issued are the debt and obligation of the issuing higher education institution and are not a debt and obligation of, or pledge of, the faith and credit of the State.

Obligations Under Capital Leases:

Obligations under capital leases of \$6,880,000 exist as of June 30, 1993, bearing interest at annual rates ranging from 2.8% to 8.4%. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1993 (amounts expressed in thousands):

Years Ending June 30	Amount
1994	\$ 1,157
1995	527
1996	199
1997	618
1998	530
1999 and thereafter	11,520
Total future minimum payments	14,551
Less amount representing interest	7,671
Present value of net minimum lease payments	\$ 6,880

14. Contributed Capital:

The changes in contributed capital of the enterprise funds for the year ended June 30, 1993, are as follows (amounts expressed in thousands):

	Economic Development Insurance Programs	Loan Programs	Maryland Food Center Authority	Maryland Environmental Service	State/Use Industries	Total
Balance, July 1, 1992	\$71,545	\$321,508	\$473	\$ 8,455	\$1,518	\$403,499
Contributions		53,191		679	338	54,208
Depreciation on contributed assets			(12)	(1,073)	(160)	(1,245)
Residual equity transfer		(4,400)				(4,400)
Balance, June 30, 1993	\$71,545	\$370,299	\$461	\$ 8,061	\$ 1,696	\$452,062

15. Segment Information—Enterprise Funds:

Activity segments included in enterprise funds are described in Note 1B. Selected financial information with respect to these segments as of and for the year ended June 30, 1993, is as follows (amounts expressed in thousands):

	Segments								
	Insurance Programs	Loan Programs	Warehouse Development and Rentals	Lottery	Water Supply Waste Disposal	Manufacturing	Student Loan Insurance Program	Savings and Loan Deposit Insurance	Stadium Authority
Operating revenues	\$ 11,828	\$ 215,558	\$ 3,270	\$ 882,246	\$32,720	\$20,958	\$16,844	\$ 3,404	\$ 10,414
Depreciation and amortization	39	1,580	497	3,839	3,053	791	4		4,849
Operating income (loss)	(3,992)	(1,219)	582	328,288	746	31	(27,042)	3,185	(2,606)
Operating grants		1,940					29,150		
Operating interfund transfers:									
In									21,616
Out	(3,000)			(323,205)	(66)	(139)		(9,000)	
Net income (loss)	(6,992)	721	284	3,261	(563)	(140)	2,108	(5,109)	8,034
Current capital contributions		53,191			679	338			
Property, plant, and equipment:									
Additions	9	9	75	15,143	3,602	534			2,408
Deletions							19		
Total assets	171,128	3,131,326	24,811	427,843	49,405	14,092	25,495	319,189	268,580
Bonds and other long-term liabilities payable from operating revenues		2,457,391	4,608		27,029				153,295
Total capital	131,751	577,252	13,370	2,939	11,682	11,107	11,687	1,831	109,576

16. State of Maryland Deposit Insurance Fund Corporation:

In 1985, the Maryland General Assembly enacted legislation creating the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State of Maryland Department of Licensing and Regulation and the successor by statutory merger to Maryland Savings Share Insurance Corporation (MSSIC). All savings and loan associations that were members of MSSIC automatically became members of MDIFC. The legislation establishing MDIFC provides that: "It is the policy of this State that funds will be appropriated to the (Maryland Deposit Insurance) Fund to the extent necessary to protect holders of savings accounts in member

associations." The enabling legislation required all member associations to obtain alternative insurance or liquidate. Of the 103 associations initially insured by MDIFC, 100 have received federal insurance, have been acquired by a federally insured institution, have converted to a mortgage company or a credit union, or have voluntarily liquidated. Three institutions are currently in receivership. As of December 31, 1989, depositors of all insured accounts at the associations in receivership were paid in full.

As successor to MSSIC, MDIFC assumed approximately \$189,000,000 in assets of MSSIC. In addition, the State has made available to MDIFC approximately \$396,000,000 (\$55,000,000 from direct general fund appropriations, \$241,000,000 from general fund appropriations to the State Reserve Fund designated for the use of MDIFC, and a \$100,000,000 transfer from the Transportation Trust Fund). To date, MDIFC has expended approximately \$576,000,000 to facilitate the acquisition of certain savings and loan associations by other financial institutions, to fund payments to depositors of associations in receivership, to settle Internal Revenue Service tax claims, and to settle litigation. In addition, MDIFC has recovered \$115,000,000 from depositor distributions and the general fund has received \$45,000,000 in recoveries from litigation and the \$71,200,000 balance remaining in the Dedicated Purpose Account of the State Reserve Fund was not required and therefore reverted June 1, 1990. Through June 30, 1993, MDIFC has remitted to the general fund \$92,000,000 received as distributions from receiverships.

Additionally, MDIFC and MSSIC are parties to numerous lawsuits. Furthermore, there may be additional future litigation involving MDIFC. Management believes that the allowance for estimated insurance losses remaining as of June 30, 1993, of \$316,981,000, will be sufficient to provide for MDIFC's ultimate liability after liquidation of the remaining assets of the three institutions in receivership, after adjudication of the numerous lawsuits and upon completion of MDIFC's operations.

17. Retirement and Pension Systems:

Maryland State Retirement and Pension Systems (System):

The State contributes to the Maryland State Retirement and Pension Systems (System), an agent multiple-employer public employee retirement system established by the State to provide pension benefits for State employees (other than employees covered by the Mass Transit Administration Pension Plan described later) and employees of 105 participating municipal corporations within the State. Additionally, the System provides benefits for the University of Maryland Medical System (a private, nonprofit, nonstock corporation), the Maryland Automobile Insurance Fund, and the Injured Workers' Insurance Fund (none of which are within the State's reporting entity). The non-State entities that participate within the System receive separate actuarial valuations in order to determine their respective funding rates and actuarial liabilities. Retirement benefits are paid from the State System's pooled assets rather than from assets relating to a particular plan participant. The System is considered part of the State's financial reporting entity and is included in the State's financial statements as a Pension Trust Fund. For the year ended June 30, 1993, excluding the participating municipalities, the covered payroll was \$4,542,599,000 and the State's total payroll was \$4,632,170,000.

Plan Description:

The System, which is administered in accordance with Article 73B of the Annotated Code of Maryland, consists of the following systems which are managed by the Board of Trustees for the System. All retirement and pension systems discussed herein are included in the System. All State employees and employees of the participating municipalities are covered by the systems.

"Retirement Systems"—retirement programs for substantially all State employees, teachers, State police and judges who are not members of the State Pension System.

"Pension Systems"—retirement programs for employees and teachers hired after January 1, 1980, and prior employees who have elected to transfer from the Retirement Systems.

As of June 30, 1993, membership (excluding participating municipalities) in the System consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them:	
Retirement Systems	49,452
Pension Systems	28,872
Current employees:	
Vested:	
Retirement Systems	35,966
Pension Systems	69,184
Nonvested:	
Retirement Systems	2,610
Pension Systems	32,570
Total members	218,654

The System provides retirement, death and disability benefits in accordance with State statutes. Vesting begins after completing 5 years of service. A member terminating employment before attaining retirement age but after completing 5 years of service, becomes eligible for a vested retirement allowance provided the member lives to age 60 (age 62 for the Pension Systems, age 50 for State Police) and does not withdraw his or her accumulated contributions. Members of the Retirement System may retire with full benefits after attaining the age of 60, or after completing 30 years of service credit regardless of age. A member of the Pension Systems may retire with full benefits after completing 30 years of service credit regardless of age, or at age 62 or older with specified years of service credit. State Police members may retire with full benefits after attaining age 50, or after completing 25 years of service credit regardless of age.

The annual benefit for Retirement System members is equal to 1/55 of a member's high three-year average salary multiplied by the number of years of service credit. A member may retire with reduced benefits after completing 25 years of service, regardless of age. A member of the Pension System shall receive upon retirement an annual service retirement allowance equal to .8% of the member's high three-consecutive-year average salary multiplied by the number of years of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security wage base. A member may retire with reduced benefits after attaining age 55 and completing 15 years of service. The annual retirement allowance for a State Police member is equal to 1/45 of a member's high three-year average salary multiplied by each year of service up to 25 years, plus 1/90 of the member's high three-year average salary multiplied by each year of service in excess of 25 years. The retirement allowance of retired members of the Systems is subject to annual adjustments to reflect increases in cost of living, not exceed the growth in the Consumer Price Index.

Members of the Employees' and Teachers' Retirement Systems are required to contribute to the System a fixed percentage of their regular salaries and wages (e.g. 7%). Members of the Pension Systems are required to contribute to the System 5% of their regular salaries and wages which exceed the social security wage base. State Police members are required to contribute 8% of their regular salaries and wages to the System. All contributions are deducted from each member's salary and wage payments and are remitted to the System on a regular, periodic basis.

The State, the University of Maryland Medical System, the Maryland Automobile Insurance Fund, the Injured Workers' Insurance Fund and the participating municipal corporations make all employer contributions to the System. In addition, the State of Maryland, which is a non-employer contributor to the Teachers' Retirement and Pension Systems, makes virtually all of the non-employee contributions to the Teachers' Systems. All contributions to the System are made in amounts required by State statutes.

No investment of the System in any one organization represented 5% or more of the net assets available for pension benefits. There were no investments in, loans to, or leases with parties related to the System.

Funding Status and Progress:

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Systems' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System as described below.

The fiscal year 1993 pension benefit obligation was determined as a part of an actuarial valuation as of June 30, 1993. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases from 5% to 6% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from .94% to 6.82% per year, attributable to seniority/merit, and (d) postretirement benefit increases ranging from 3% to 6% per year depending on the system.

As of June 30, 1993, the unfunded pension benefit obligation (i.e., pension obligation less net assets available for benefits) for covered employees, excluding participating municipalities, was as follows (amounts expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 8,508,435
Current employees:	
Accumulated employee contributions including allocated investment income	1,445,189
Employer-financed vested	8,390,242
Employer-financed nonvested	331,335
Total pension benefit obligation	18,675,201
Net assets available for benefits, at cost (market value is \$15,396,553)	13,197,548
Unfunded pension benefit obligation	\$ 5,477,653

There were no changes in actuarial assumptions or benefit provisions which significantly affected the valuation of the pension benefit obligation during fiscal year 1993.

Contributions Required and Made:

The State's retirement contributions are appropriated annually, based upon actuarial valuations. In this regard, the System has engaged an independent firm of consulting actuaries to prepare annual actuarial valuations and perform various actuarial consulting services. Effective July 1, 1980, in accordance with the law governing the Systems, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employers' normal and accrued liability contribution rates and the unfunded actuarial accrued liability. Using this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Employer contributions for covered State employees to the System totalling \$617,782,000 (13.6% of covered payroll) for fiscal year 1993 were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of June 30, 1991. This amount consisted of \$340,769,000 normal cost and \$277,013,000 amortization of the unfunded actuarial accrued liability (7.5% and 6.1%, respectively, of covered payroll). Employee contributions to the System for fiscal year 1993 were \$91,635,000 (2.0% of covered payroll).

The liquidation period for the unfunded actuarial accrued liabilities (as provided by law) is 27 years from June 30, 1993. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The computation of the pension contribution requirements for fiscal year 1993 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension contribution requirements in the previous year.

Two-Year Historical Trend Information for the System, excluding participating municipalities (amounts expressed in thousands):

Fiscal Year	(1) Net Assets Available for Benefits at Cost	(2) Pension Benefit Obligation	(3) Percentage Funded (1)÷(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)÷(5)	(7) Employer Contributions	(8) Employer Contributions as a Percentage of Annual Covered Payroll (7)÷(5)
1992	\$11,884,463	\$17,625,026	67.4%	\$5,740,563	\$4,487,636	127.9%	\$588,785	13.1%
1993	13,197,548	18,675,201	70.7	5,477,653	4,542,599	120.6	617,782	13.6

Trend information for the System (excluding participating municipalities) prior to fiscal year 1992 is not available.

Ten-year historical trend information for the System is available in a separate financial report issued by the System. This report presents information about progress made in accumulating sufficient assets to pay benefits when due.

For asset and investment management purposes, the State combined the assets of all State-administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State-administered pension fund are presented on a combined basis in the fiduciary fund types financial statements.

Changes in the System's pension fund balance for the year ended June 30, 1993, were as follows (amounts expressed in thousands):

	Fund Balance(a)	
	Employee Annuity Savings Fund(b)	Retirement Accumulation Fund(c)
Balance, July 1, 1992	\$1,521,360	\$11,204,253
Increases:		
Member contributions	102,163	
Employer contributions		667,553
Investment income		1,529,066
Decreases:		
Benefit payments		(735,483)
Refunds	(125,671)	
Administrative expenses		(21,155)
Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts	163,691	(163,691)
Transfers to the Retirement Accumulation Fund for contributions of retiring members	(139,448)	139,448
Balance, June 30, 1993	\$1,522,095	\$12,619,991

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income.

(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

Mass Transit Administration Pension Plan (Plan):

The Mass Transit Administration Pension Plan is a single employer non-contributory plan which covers all Mass Transit Administration (Administration) employees covered by a collective bargaining agreement and all those management employees who were employed by the Baltimore Transit Company. In addition, employees who enter the management group as a result of a transfer from a position covered by a collective bargaining agreement maintain their participation. The Plan is part of the State's financial reporting entity and is included in the State's financial statements as a Pension Trust Fund. For the year ended June 30, 1993, the Administration's covered payroll was \$87,134,000 and its total payroll was \$101,070,000.

Plan Description:

The Plan provides retirement (normal and early), death and disability benefits. Members may retire with full benefits at age 65 with ten years of credited service or age 60 with 30 years of credited service. The annual normal retirement benefit is 1.1% of final average compensation multiplied by credited service, with minimum and maximum benefit limitations. Participants are fully vested after five years of credited service.

There were no investments in, loans to, or leases with parties related to the Plan.

Funding Status and Progress:

The fiscal year 1993 pension benefit obligation was determined as a part of an actuarial valuation as of June 30, 1993. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 5.75% per year compounded annually, and (c) postretirement benefit increases of 3% of the original benefit amount effective August 1, 1991.

As of June 30, 1993, the unfunded pension benefit obligation (i.e. pension obligation less net assets available for benefits) of the Plan was as follows (amounts expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$30,731
Current employees:	
Employer—financed vested	45,943
Employer—financed non-vested	18,358
Total pension benefit obligation	95,032
Net assets available for benefits, at cost (market value is \$13,447)	12,884
Unfunded pension benefit obligation	\$82,148

Contribution required and contribution made:

The Administration's retirement contributions are appropriated annually, based upon actuarial valuation. In this regard, the Plan has engaged an independent firm of consulting actuaries to prepare annual actuarial valuations and perform various actuarial consulting services. Effective January 1, 1990, in accordance with the law governing the Plan, all benefits of the Plan are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employer's normal and accrued liability contribution rates and the unfunded actuarial accrued liability.

Employer contributions to the Plan totalling \$8,467,000 (9.7% of covered payroll) for fiscal year 1993 were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of June 30, 1992. This amount consisted of \$1,652,000 normal cost and \$6,815,000 amortization of the unfunded actuarial accrued liability (1.9% and 7.8%, respectively, of covered payroll).

The liquidation period for the unfunded actuarial accrued liabilities (as provided by law) is 27 years from June 30, 1993. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The computation of the pension contribution requirements for fiscal year 1993 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension contribution requirements in the previous year.

Four-year historical trend information for the Plan (amounts expressed in thousands):

Fiscal Year	(1) Net Assets Available for Benefits at Cost	(2) Pension Benefit Obligation	(3) Percentage Funded (1)÷(2)	(4) Unfunded Pension Benefit Obligation (2)–(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)÷(5)	(7) Employer Contributions	(8) Employer Contributions as a Percentage of Annual Covered Payroll (7)÷(5)
1990	\$ 1,611	\$74,745	2.2%	\$73,134	\$75,554	96.8%	\$5,408	7.2%
1991	5,792	87,586	6.6	81,794	77,451	105.6	7,677	9.9
1992	8,481	92,718	9.1	84,237	80,700	104.4	7,327	9.1
1993	12,884	95,032	13.6	82,148	87,134	94.3	8,467	9.7

Trend information for the Plan prior to fiscal year 1990 is unavailable.

Changes in the Plan's fund balance for the year ended June 30, 1993, were as follows (amounts expressed in thousands):

Balance, July 1, 1992	\$ 8,481
Increases:	
Employer contributions	8,467
Interest and other investment income	456
Decreases:	
Administrative expenses	(20)
Benefit Payments	(4,500)
Balance, June 30, 1993	\$12,884

18. Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

19. Commitments:

The State leases office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 1993 were approximately \$36,174,000. Future lease expense commitments under these agreements as of June 30, 1993, follow (amounts expressed in thousands):

Years Ending June 30	Amounts
1994	\$ 33,337
1995	25,307
1996	18,634
1997	13,495
1998	8,467
1999 and thereafter	10,074
	<u>\$109,314</u>

As of June 30, 1993, the Maryland Department of Transportation and Maryland Transportation Authority had commitments of approximately \$496,452,000 and \$28,000,000, respectively, for construction of highway and mass transit toll facilities. Approximately 47% of future expenditures related to the Maryland Department of Transportation commitments are expected to be reimbursed from proceeds of approved Federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Maryland Department of Transportation, as lessor, leases space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rental revenues follow (amounts expressed in thousands):

Years Ending June 30	Operating Leases Minimum Future Rentals
1994	\$ 36,607
1995	35,507
1996	33,510
1997	25,992
1998	19,199
1999 and thereafter	141,564
	<u>\$292,379</u>

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rental revenue was approximately \$61,436,000 for the year ended June 30, 1993, including contingent rentals of approximately \$16,125,000.

As of June 30, 1993, the Maryland State Lottery Agency had commitments of approximately \$47,938,000 for services to be rendered relating principally to the operation of the lottery game.

As of June 30, 1993, the Maryland Stadium Authority had commitments of approximately \$1,000,000 for property acquisitions.

As of June 30, 1993, the higher education fund had commitments of approximately \$125,381,000 for the completion of projects under construction.

20. Contingencies:

The State is party to legal proceedings, which normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the State as a whole.

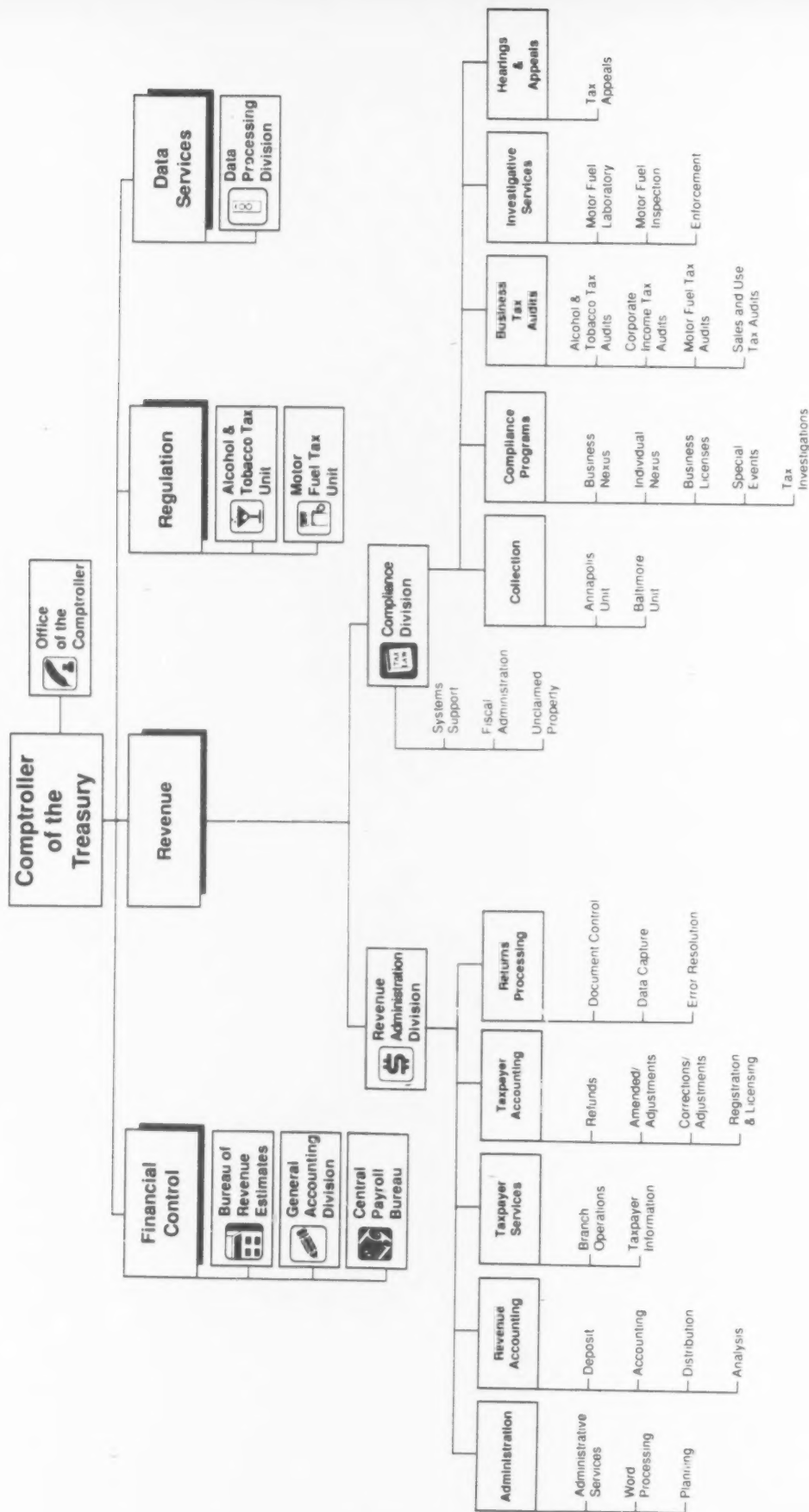
As of June 30, 1993, mortgage loan insurance programs included in the enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately \$769,692,000 (including \$594,096,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately \$53,442,000.

The Maryland Higher Education Loan Corporation (Corporation), as endorser of student loans, is contingently liable to lending institutions for purchase of student loans in default. In the event of such default, the Corporation is liable to the lending institution for the unpaid principal amount of the loan plus unpaid interest, including interest accrued from the date of default until the date of purchase by the Corporation. As of June 30, 1993, the Corporation has endorsed loans outstanding of approximately \$955,000,000. These loans are covered by a Federal reinsurance agreement with the U.S. Department of Education. The agreement provides for repurchase by the U.S. Department of Education of 100% of the amount of loans which default; however, if the default rate exceeds 5% of the loans in repayment status as of September 30 of the preceding year, the reinsurance rate is 90%, and for all defaults in excess of 9% the reinsurance rate is 80%.

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 1993, the State estimates that no material liabilities will result from such audits.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

A new look for the future



STATE OF MARYLAND

Combining Balance Sheet

Special Revenue Funds

June 30, 1993

(Expressed in Thousands)

	Maryland Department of Transportation	Maryland Transportation Authority	Total
Assets:			
Cash and cash equivalents	\$ 14,891	\$ 79,438	\$ 94,329
Investments		11,440	11,440
Taxes receivable, net	59,462		59,462
Intergovernmental receivables	75,307		75,307
Other accounts receivables	20,371	1,188	21,559
Due from other funds	158,236		158,236
Loans and notes receivable, net	3,907		3,907
Loans to other funds		75,000	75,000
Other assets	23,195		23,195
Total assets	\$355,369	\$167,066	\$522,435
Liabilities:			
Accounts payable and accrued liabilities	\$163,438	\$ 9,609	\$173,047
Due to other funds	7,095		7,095
Accounts payable to political subdivisions	56,151		56,151
Deferred revenue		1,008	1,008
Loans from other funds	75,000		75,000
Total liabilities	301,684	10,617	312,301
Fund balances:			
Reserved for:			
Encumbrances	5,741	28,244	33,985
Agency activities	15,176	22,263	37,439
Loans and notes receivable	3,823		3,823
Loans to other funds		75,000	75,000
Unreserved:			
Undesignated	28,945	30,942	59,887
Total fund balances	53,685	156,449	210,134
Total liabilities and fund balances	\$355,369	\$167,066	\$522,435

STATE OF MARYLAND

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances Special Revenue Funds for the year ended June 30, 1993 (Expressed in Thousands)

	Maryland Department of Transportation	Maryland Transportation Authority	Total
Revenues:			
Motor vehicle taxes and fees	\$1,119,416		\$1,119,416
Charges for services	210,706	\$140,909	351,615
Interest and other investment income	2,332	2,172	4,504
Federal revenue	365,243		365,243
Other	3,918	410	4,328
Total revenues	1,701,615	143,491	1,845,106
Expenditures:			
Current:			
Transportation	625,337	67,117	692,454
Intergovernmental	329,089		329,089
Capital outlays	642,279	23,108	665,387
Total expenditures	1,596,705	90,225	1,686,930
Excess of revenues over expenditures	104,910	53,266	158,176
Other sources (uses) of financial resources:			
Proceeds from bonds	74,357		74,357
Operating transfers in	78,480		78,480
Operating transfers out	(156,974)	(15,820)	(172,794)
Recognition of fund liability	(65,000)		(65,000)
Net other sources (uses) of financial resources	(69,137)	(15,820)	(84,957)
Excess of revenues over expenditures and net other sources (uses) of financial resources	35,773	37,446	73,219
Fund balances, July 1, 1992	17,912	119,003	136,915
Fund balances, June 30, 1993	\$ 53,685	\$156,449	\$ 210,134

STATE OF MARYLAND

Combining Balance Sheet

Debt Service Funds

June 30, 1993

(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Maryland Transportation Authority Bonds	Total
Assets:				
Cash and cash equivalents	\$12,754	\$ 883	\$ 7,248	\$ 20,885
Investments		63,360	28,451	91,811
Taxes receivable, net	5,351			5,351
Other accounts receivable		788	454	1,242
Due from other funds	444	1,713		2,157
Loans and notes receivable, net	43,333			43,333
Loans to other funds	6,372			6,372
Total assets	\$68,254	\$66,744	\$36,153	\$171,151
Liabilities:				
Deferred revenue	\$ 4,084			\$ 4,084
Matured bonds and interest coupons payable	2,244			2,244
Total liabilities	6,328			6,328
Fund balances:				
Reserved for:				
Loans and notes receivable	34,858			34,858
Loans to other funds	6,372			6,372
Unreserved:				
Designated for:				
General long-term debt service	20,696			20,696
Transportation debt service		\$66,744		66,744
Maryland Transportation Authority bond debt service			\$36,153	36,153
Total fund balances	61,926	66,744	36,153	164,823
Total liabilities and fund balances	\$68,254	\$66,744	\$36,153	\$171,151

STATE OF MARYLAND
Combining Statement of Revenues,
Expenditures, Other Sources and Uses of
Financial Resources and Changes in Fund Balances
Debt Service Funds
for the year ended June 30, 1993
(Expressed in Thousands)

	General Obligation Bonds	Transportation Bonds	Maryland Transportation Authority Bonds	Total
Revenues:				
Other taxes	\$ 205,822			\$ 205,822
Interest and other investment income	3,802	\$ 4,740	\$ 1,167	8,709
Other	3,206			3,206
Total revenues	211,830	4,740	1,167	217,737
Expenditures:				
Debt service:				
Principal retirement	176,479	72,605	2,455	251,539
Interest	146,224	72,260	18,130	236,614
Total expenditures	322,703	144,865	20,585	488,153
Deficiency of revenues over expenditures	(110,873)	(140,125)	(19,418)	(270,416)
Other sources (uses) of financial resources:				
Proceeds from refunding bonds	146,065		157,153	303,218
Operating transfers in	116,885	114,913	15,820	247,618
Operating transfers out	(1,382)	(1,874)		(3,256)
Payment to refunded bonds escrow agent	(146,065)		(152,694)	(298,759)
Net other sources of financial resources	115,503	113,039	20,279	248,821
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources	4,630	(27,086)	861	(21,595)
Fund balances, July 1, 1992	57,296	93,830	35,292	186,418
Fund balances, June 30, 1993	\$ 61,926	\$ 66,744	\$ 36,153	\$ 164,823

STATE OF MARYLAND

Combining Balance Sheet

Enterprise Funds

June 30, 1993

(Expressed in Thousands)

	Economic Development		Maryland Food Center Authority	Maryland State Lottery Agency	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Maryland Stadium Authority	Total
	Insurance Programs	Loan Programs								
Assets:										
Cash and cash equivalents	\$118,913	\$ 254,981	\$ 106	\$ 2,079	\$20,674	\$ 100		\$ 417	\$ 88	\$ 396,458
Investments		647,005		355,291				8,912		1,011,208
Intergovernmental receivables		788			665		\$ 2,161			3,614
Other accounts receivable	1,834	33,654	188	2,211	4,988	2,849	76	163	8,317	54,290
Due from other funds	39,616	58,972	5,645	44,295			23,237		6,188	181,162
Inventories						3,089				3,089
Loans and notes receivable, net	7,455	2,083,884						2,666	9,115	2,103,129
Property, plant and equipment, net	13	285	18,336	23,890	21,185	3,911	21		242,076	309,717
Restricted assets			536							536
Deposits								307,031		307,031
Other assets	4,197	52,657		77	1,883	34			2,796	61,644
Total assets	\$171,128	\$3,131,326	\$24,811	\$427,843	\$49,405	\$14,092	\$25,495	\$319,189	\$268,580	\$4,431,869
Liabilities:										
Accounts payable and accrued liabilities	\$ 4,397	\$ 49,580	\$ 45	\$ 12,358	\$ 6,503	\$ 1,728	\$ 70	\$ 66	\$ 2,583	\$ 77,330
Due to other funds	9,743			26,927	2,745					39,415
Lottery prizes				363,825						363,825
Accrued insurance and loan losses	20,661	457						316,981		338,099
Other liabilities	606	46,194	218				1,194			48,212
Deferred revenue	3,878	12	98	3,152		9	12,544	306		19,999
Loans from other funds			6,372			756				7,128
Notes payable				8,908					17,330	26,238
Revenue bonds payable		2,457,391	4,608		27,029				135,965	2,624,993
Accrued workers' compensation costs	24	85	39		547	146		5	30	876
Accrued annual leave	68	355	61		899	346				1,729
Obligations under capital leases				9,734					3,096	12,830
Total liabilities	\$9,377	2,554,074	11,441	424,904	\$7,723	2,985	13,808	317,358	159,004	3,560,674
Capital:										
Contributed capital	71,545	370,299	461		8,061	1,696				452,062
Capital deposits by members								144,224		144,224
Retained earnings:										
Reserved					2,927					2,927
Unreserved (deficit)	60,206	206,953	12,909	2,939	694	9,411	11,687	(142,393)	109,576	271,982
Total capital	131,751	577,252	13,370	2,939	11,682	11,107	11,687	1,831	109,576	871,195
Total liabilities and capital	\$171,128	\$3,131,326	\$24,811	\$427,843	\$49,405	\$14,092	\$25,495	\$319,189	\$268,580	\$4,431,869

STATE OF MARYLAND
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Enterprise Funds
for the year ended June 30, 1993
(Expressed in Thousands)

	Economic Development Insurance Programs	Loan Programs	Maryland Food Center Authority	Maryland State Lottery Agency	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Maryland Stadium Authority	Total
Operating revenues:										
Lottery ticket sales				\$ 882,246						\$ 882,246
Charges for services and sales	\$ 6,617	\$ 2,235	\$ 3,261		\$32,720	\$20,958	\$ 2,590		\$ 9,184	77,475
Interest and other investment income	4,915	209,494					752			215,161
Other	296	3,829	9				13,592	\$ 3,404	1,230	22,360
Total operating revenues	11,828	215,558	3,270	882,246	32,720	20,958	16,844	3,404	10,414	1,197,242
Operating expenses:										
Prizes and claims				468,108						468,108
Commissions and bonuses				46,225						46,225
Cost of sales and services						17,729	36,394			54,123
Operation and maintenance of facilities		8,736			24,668				6,823	40,227
General and administrative	4,242	12,988	1,979	35,786	4,253	2,407	7,488	219	1,348	70,710
Interest	714	185,113								185,827
Depreciation and amortization	39	1,580	497	3,839	3,053	791	4		4,849	14,652
Provision for insurance and loan losses	10,825	828								11,653
Other		7,532	212							7,744
Total operating expenses	15,820	216,777	2,688	553,958	31,974	20,927	43,886	219	13,020	899,269
Operating income (loss)	(3,992)	(1,219)	582	328,288	746	31	(27,042)	3,185	(2,606)	297,973
Non-operating revenues (expenses):										
Investment income			186		18			706	1,061	1,981
Interest expense			(494)	(1,822)	(1,279)				(12,037)	(15,632)
Operating grants		1,940					29,150			31,090
Other					18	(22)				(4)
Operating income (loss) before transfers	(3,992)	721	284	326,466	(497)	9	2,108	3,891	(13,582)	315,408
Operating transfers in									21,616	21,616
Operating transfers out	(3,000)			(323,205)	(66)	(149)		(9,000)		(335,420)
Net income (loss)	(6,992)	721	284	3,261	(563)	(140)	2,108	(5,109)	8,034	1,604
Add: Depreciation of cost of assets acquired from contributed capital			12		1,073	160				1,245
Increase (decrease) in retained earnings	(6,992)	721	296	3,261	510	20	2,108	(5,109)	8,034	2,849
Retained earnings (deficit), July 1, 1992	67,198	206,232	12,613	(322)	3,111	9,391	9,579	(137,284)	101,542	272,060
Retained earnings (deficit), June 30, 1993	\$60,206	\$206,953	\$12,909	\$ 2,939	\$ 3,621	\$ 9,411	\$ 11,687	\$ (142,393)	\$109,576	\$ 274,909

STATE OF MARYLAND
Combining Statement of Cash Flows
Enterprise Funds
for the year ended June 30, 1993
(Expressed in Thousands)

	Economic Development		Maryland Food Center Authority	Maryland State Lottery Agency	Maryland Environmental Service	State Use Industries	Maryland Higher Education Loan Corporation	Maryland Deposit Insurance Fund Corporation	Maryland Stadium Authority	Total
	Insurance Programs	Loan Programs								
Cash flows from operating activities:										
Operating income (loss)	\$ (3,992)	\$ (1,219)	\$ 582	\$ 328,288	\$ 746	\$ 31	\$ (27,042)	\$ 3,185	\$ (2,606)	\$ 297,973
Adjustments to reconcile operating income to net cash provided by (used by) operating activities:										
Depreciation and amortization	39	1,580	497	3,839	3,053	791	4		4,849	14,652
Gain on disposal of property, plant and equipment							(19)			(19)
Changes in assets and liabilities:										
Decrease (increase) in assets:										
Intergovernmental receivables		(535)			389		2,211			2,065
Other accounts receivable	(593)	(5,926)	(113)	5,821	675	(115)	18	108	(3,686)	(3,811)
Due from other funds	3,171	26,668	(476)	(12,801)		(540)	(5,309)	1,294	(3,441)	8,566
Inventories						396				396
Loans and notes receivable	1,673	(128,765)						330		(126,762)
Other assets	(896)	(16,007)		4	(179)	117			151	(16,810)
Increase (decrease) in liabilities:										
Accounts payable and accrued liabilities	2,668	1,253	(34)	8,391	(1,048)	226	(86)	(326)	(2,173)	8,871
Due to other funds	(1,065)			3,196	2,745			(5,000)		(124)
Accrued insurance and loan losses	5,362	42						(4,767)		637
Other liabilities	552	(2,160)	(4)				(533)			(2,145)
Deferred revenue	230	(2)	(44)	(168)		(55)	610			571
Accrued workers' compensation costs	1		26		152	(32)			22	169
Accrued annual leave	(99)	4	(2)		19	(22)				(10)
Net cash provided (used) by operating activities	7,141	(125,067)	432	336,570	6,552	797	(30,146)	(5,176)	(6,884)	184,219
Cash flows from noncapital financing activities:										
Increase in lottery prizes				73,563						73,563
Lottery prize installment payments				(38,797)						(38,797)
Proceeds from sale of revenue bonds		282,442								282,442
Principal paid on revenue bonds		(248,875)								(248,875)
Operating grants received		1,940					29,150			31,090
Operating transfers in									21,616	21,616
Operating transfers out	(3,000)			(323,205)	(66)	(149)		(9,000)		(335,420)
Contributed capital		53,191			679					53,870
Residual equity transfer		(4,400)								(4,400)
Net cash provided (used) by noncapital financing activities	(3,000)	84,298		(288,439)	613	(149)	29,150	(9,000)	21,616	(164,911)
Cash flows from capital and related financing activities:										
Proceeds from notes payable and revenue bonds				8,908	8,046					16,954
Principal paid on notes payable and revenue bonds			(61)		(1,877)				(1,705)	(3,643)
Decrease in loans from other funds						(189)				(189)
Interest payments			(494)	(1,822)	(1,279)				(12,037)	(15,632)
Acquisition and construction of property, plant and equipment	(9)	(9)	(75)	(15,143)	(3,602)	(534)			(2,408)	(21,780)
Decrease (increase) in restricted assets			(55)		6,850				785	7,580
Payment of capital lease obligations				(3,345)					(340)	(3,685)
Net cash provided (used) by capital and related financing activities	(9)	(9)	(685)	(11,402)	8,138	(723)			(15,705)	(20,395)
Cash flows from investing activities:										
Purchase of investments		(3,886,478)		(74,280)				(2,256)		(3,963,014)
Proceeds from maturity and sale of investments		3,935,862		38,797			996			3,975,655
Interest and gains on investments			196		18			706	1,061	1,981
Decrease in deposits								11,772		11,772
Other					18					18
Net cash provided (used) by investing activities		49,384	196	(35,483)	36		996	10,222	1,061	26,412
Net increase (decrease) in cash and cash equivalents	4,132	8,606	(57)	1,246	15,339	(75)		(3,954)	88	25,325
Cash and cash equivalents balance, July 1, 1992	113,881	246,375	163	833	5,335	175		4,371		371,133
Cash and cash equivalents balance, June 30, 1993	\$ 118,013	\$ 254,981	\$ 106	\$ 2,079	\$ 20,674	\$ 100	\$ 0	\$ 417	\$ 88	\$ 396,458

STATE OF MARYLAND

Combining Balance Sheet

Fiduciary Fund Types

June 30, 1993

(Expressed in Thousands)

	Pension Trust Funds				Agency Funds						Total
	Expendable Trust Fund	State Retirement and Pension Systems	Mass Transit Administration Pension Plan	Patient and Prisoner Accounts	Deferred Compensation Plan	Refunded Transportation Debt	Local Highway Grants	Local Admissions and Amusement Taxes	Local Income Taxes	Payroll Taxes and Fringe Benefits	
Assets:											
Cash and cash equivalents		\$ 675,877	\$ 402	\$ 4,750	\$ 727			\$ 8,215	\$ 339,288	\$ 33,100	\$ 1,062,359
Investments		13,390,787	12,482		528,867						13,932,136
Amount on deposit with U.S. Treasury	\$199,663										199,663
Taxes receivable, net	130,138										130,138
Intergovernmental receivables	6,475								108,944		239,082
Other accounts receivable		197,812			5,329						6,475
Due from other funds									106,893		203,141
Total assets	\$336,276	\$14,264,476	\$12,884	\$4,750	\$534,923	\$0	\$0	\$8,215	\$555,125	\$33,100	\$15,749,749
Liabilities:											
Accounts payable and accrued liabilities	\$ 11,313	\$ 118,694		\$ 4,750	\$ 32					\$ 33,100	\$ 167,889
Due to other funds		3,696									5,018
Accounts payable to political subdivisions and local income tax refunds								\$1,322			
Deferred compensation benefits payable					534,891			6,893	\$555,125		562,018
Total liabilities	11,313	122,390		4,750	534,923			8,215	555,125	33,100	1,289,816
Fund balances:											
Reserved for:											
Pension benefits		14,142,086	12,884								14,154,970
Unemployment compensation benefits	324,963										324,963
Total fund balances	324,963	14,142,086	12,884								14,479,933
Total liabilities and fund balances	\$336,276	\$14,264,476	\$12,884	\$4,750	\$534,923	\$0	\$0	\$8,215	\$555,125	\$33,100	\$15,749,749

STATE OF MARYLAND

Combining Statement of Revenues, Expenses and Changes in Fund Balances

Pension Trust Funds

for the year ended June 30, 1993

(Expressed in Thousands)

	State Retirement and Pension Systems	Mass Transit Administration Pension Plan	Total
Operating revenues:			
Contributions	\$ 769,716	\$ 8,798	\$ 778,514
Interest and other investment income	1,529,066	456	1,529,522
Total operating revenues	2,298,782	9,254	2,308,036
Operating expenses:			
General and administrative	21,155	20	21,175
Benefit payments and refunds	861,154	4,831	865,985
Total operating expenses	882,309	4,851	887,160
Excess of operating revenues over operating expenses	1,416,473	4,403	1,420,876
Fund balances, July 1, 1992	12,725,613	8,481	12,734,094
Fund balances, June 30, 1993	\$14,142,086	\$12,884	\$14,154,970

STATE OF MARYLAND

Combining Statement of Changes in Assets and Liabilities—All Agency Funds for the year ended June 30, 1993 (Expressed in Thousands)

	Balance July 1, 1992	Additions	Deletions	Balance June 30, 1993
<i>Patent and Prisoner Accounts</i>				
Assets:				
Cash and cash equivalents	\$ 4,758	\$ 13,125	\$ 13,133	\$ 4,750
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,758	\$ 11,790	\$ 11,798	\$ 4,750
<i>Deferred Compensation Plan</i>				
Assets:				
Cash and cash equivalents	\$ 656	\$ 3,384	\$ 3,313	\$ 727
Investments	469,612	80,265	21,010	528,867
Other accounts receivable	5,099	5,329	5,099	5,329
Total assets	\$ 475,367	\$ 88,978	\$ 29,422	\$ 534,923
Liabilities:				
Accounts payable and accrued liabilities	\$ 13	\$ 32	\$ 13	\$ 32
Deferred compensation benefits payable	475,354	83,860	24,323	534,891
Total liabilities	\$ 475,367	\$ 83,892	\$ 24,336	\$ 534,923
<i>Refunded Transportation Debt</i>				
Assets:				
Cash and cash equivalents	\$ 41	\$ 541,425	\$ 541,466	\$ 0
Investments	403,832		403,832	
Other accounts receivable	105,831		105,831	
Total assets	\$ 509,704	\$ 541,425	\$1,051,129	\$ 0
Liabilities:				
Due to transportation bondholders	\$ 509,704	\$ 31,762	\$ 541,466	\$ 0
<i>Local Highway Grants</i>				
Assets:				
Cash and cash equivalents	\$ 0	\$ 5,024	\$ 5,024	\$ 0
Liabilities:				
Accounts payable to political subdivisions	\$ 0	\$ 5,024	\$ 5,024	\$ 0
<i>Local Admissions and Amusements Taxes</i>				
Assets:				
Cash and cash equivalents	\$ 9,095	\$ 28,200	\$ 29,080	\$ 8,215
Liabilities:				
Due to other funds	\$ 1,158	\$ 1,322	\$ 1,158	\$ 1,322
Accounts payable to political subdivisions	7,937	29,095	30,139	6,893
Total liabilities	\$ 9,095	\$ 30,417	\$ 31,297	\$ 8,215
<i>Local Income Taxes</i>				
Assets:				
Cash and cash equivalents	\$ 335,466	\$1,509,752	\$1,505,930	\$ 339,288
Taxes receivable		108,944		108,944
Due from other funds	164,035	106,893	164,035	106,893
Total assets	\$ 499,501	\$1,725,589	\$1,669,965	\$ 555,125
Liabilities:				
Accounts payable to political subdivisions and local income tax refunds	\$ 499,501	\$1,561,554	\$1,505,930	\$ 555,125
<i>Payroll Taxes and Fringe Benefits</i>				
Assets:				
Cash and cash equivalents	\$ 10,592	\$2,030,705	\$2,008,197	\$ 33,100
Deposits	27,824		27,824	
Total assets	\$ 38,416	\$2,030,705	\$2,036,021	\$ 33,100
Liabilities:				
Accounts payable and accrued liabilities	\$ 38,416	\$2,030,705	\$2,036,021	\$ 33,100
<i>Totals—All Agency Funds</i>				
Assets:				
Cash and cash equivalents	\$ 360,608	\$4,131,615	\$4,106,143	\$ 386,080
Investments	873,444	80,265	424,842	528,867
Taxes receivable		108,944		108,944
Other accounts receivable	110,930	5,329	110,930	5,329
Due from other funds	164,035	106,893	164,035	106,893
Deposits	27,824		27,824	
Total assets	\$1,536,841	\$4,433,046	\$4,833,774	\$1,136,113
Liabilities:				
Accounts payable and accrued liabilities	\$ 43,187	\$2,042,527	\$2,047,832	\$ 37,882
Due to other funds	1,158	1,322	1,158	1,322
Accounts payable to political subdivisions and local income tax refunds	507,438	1,595,673	1,541,093	562,018
Due to transportation bondholders	509,704	31,762	541,466	
Deferred compensation benefits	475,354	83,860	24,323	534,891
Total liabilities	\$1,536,841	\$3,755,144	\$4,155,872	\$1,136,113

STATE OF MARYLAND

Schedule of Fixed Assets and Accumulated Depreciation

June 30, 1993

(Expressed in Thousands)

	Land and Improvements	Structure and Improvements	Equipment	Construction in Progress	Total Cost	Accumulated Depreciation	Total Cost Less Accumulated Depreciation
<i>Proprietary Fund Type (By Fund):</i>							
Economic Development—Insurance Programs		\$ 96	\$ 151		\$ 247	\$ 234	\$ 13
Economic Development * Loan Programs		48	369		417	132	285
Maryland Food Center Authority	\$ 4,646	17,582	621		22,849	4,513	18,336
Maryland State Lottery			30,876		30,876	6,986	23,890
Maryland Environmental Service		21,014	21,290	\$ 1,676	43,980	22,795	21,185
State Use Industries		679	7,593		8,272	4,361	3,911
Maryland Higher Education Loan Corporation			47		47	26	21
Maryland Stadium Authority	111,318	131,180	4,914	2,069	249,481	7,405	242,076
Total	\$115,964	\$ 170,599	\$ 65,861	\$ 3,745	\$ 356,169	\$46,452	\$ 309,717
<i>General Fixed Assets (By Function):</i>							
General government	\$ 51,177	\$ 459,634	\$ 113,472	\$ 23,650	\$ 647,933		\$ 647,933
Education		28,959	14,111		43,070		43,070
Economic and employment development ..	356	5,783	16,566		22,705		22,705
Human resources			24,803		24,803		24,803
Health and mental hygiene	17,176	246,805	48,961	9,720	322,662		322,662
Environment			14,987		14,987		14,987
Transportation	518,273	3,509,153	743,231	392,150	5,162,807		5,162,807
Public safety and judicial	30,001	526,723	183,577	44,067	784,368		784,368
Housing and community development	2,475	9,533	3,521	605	16,134		16,134
Natural resources and recreation	285,975	52,766	39,686	29,895	408,322		408,322
Agriculture	66	28,106	9,106	21	37,299		37,299
Total	\$905,499	\$4,867,462	\$1,212,021	\$500,108	\$7,485,090		\$7,485,090
Higher Education	\$ 49,221	\$1,631,351	\$ 658,861	\$146,422	\$2,485,855		\$2,485,855

STATE OF MARYLAND

Schedule of Changes in General Fixed Assets by Function

for the year ended June 30, 1993

(Expressed in Thousands)

Function:	Balance July 1, 1992	Additions	Deletions	Transfer In (Out)	Balance June 30, 1993
General government	\$ 593,585	\$ 62,385	\$ 4,812	\$(3,225)	\$ 647,933
Education	38,592	4,737	259		43,070
Economic and employment development ..	18,769	4,371	435		22,705
Human resources	18,507	7,591	1,295		24,803
Health and mental hygiene	323,192	10,423	10,953		322,662
Environment	14,635	846	494		14,987
Transportation	4,967,350	211,612	19,380	3,225	5,162,807
Public safety and judicial	729,513	62,977	8,122		784,368
Housing and community development	15,851	970	687		16,134
Natural resources and recreation	398,835	11,578	2,091		408,322
Agriculture	36,744	770	215		37,299
Total	\$7,155,573	\$378,260	\$48,743	\$ 0	\$7,485,090

STATE OF MARYLAND

Schedule of Estimated and Actual Revenues By Source—Budgetary Basis for the year ended June 30, 1993 (Expressed in Thousands)

	Annual Budgeted Funds									
	General Fund		Special Fund		Federal Fund		Higher Education Funds		Capital Projects Fund	
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Unrestricted Fund Estimated Revenues	Restricted Fund Estimated Revenues	Actual Revenues	Total Actual Revenues
Taxes:										
Property tax	\$ 60,700	\$ 54,525	\$ 205,327	\$ 214,631					\$ 4,173	\$ 273,647
Franchise and corporation tax	160,345	184,151								184,151
Death taxes	84,030	94,932								94,932
Recordation tax		136								608
Admission and amusement tax			1,183	1,322					472	4,496
Alcoholic beverages tax	24,500	23,619	98	94					3,174	23,713
Motor vehicle fuel taxes	9,894	9,954	447,029	549,150						559,104
Income taxes	3,186,821	3,207,122	86,800	77,417						3,284,539
Sales and use taxes	1,719,500	1,718,152								1,718,152
Tobacco taxes	141,000	140,296		28						140,324
Motor vehicle titling taxes		14,898	322,000	295,474						310,372
Insurance company taxes	147,965	147,500								147,500
Horse racing taxes	1,350		1,411	2,863						2,863
Shellfish taxes			4,373	196						196
Boxing, wrestling or sparring taxes		603								603
Apple tax				15						15
Boat titling tax		225	4,659	10,786						11,011
Energy generation tax			23,332	7,489						7,489
Emergency telephone system tax				19,719						19,719
Unemployment insurance taxes									481,379	481,379
Total taxes	5,536,105	5,596,113	1,096,812	1,179,184					4,173	485,343
Other:										7,264,813
Licenses and permits	63,658	62,320	239,387	296,259					1,005	359,584
Fees for services	49,922	57,761	127,380	177,680					156,788	392,229
Fines and costs	66,474	66,786	2,510	12,736					8,387	87,909
Sales to the public	2,389	2,898	49,814	51,196					520,582	574,676
Commissions and royalties	4	156	60,068	25,337					33	25,528
Rentals	1,142	915	22,799	42,816					6,928	50,659
Interest on investments	20,635	18,126	27,366	7,660					1,540,456	1,569,223
Interest on loan repayments				14,407					197,039	211,446
Miscellaneous	44,954	6,773	12,285	27,427					6,186	45,708
Colleges and Universities							\$ 745,836	\$ 706,080	381,384	1,382,312
Federal reimbursements and grants	950	53,144	4,542	21,004	\$2,755,995	2,345,963			3,842	2,630,218
Other reimbursements	256,404	207,268	352,540	158,116		1,494			27,563	394,441
Bond issues:										
State—general purpose				94					258,062	258,156
Consolidated Transportation Bonds			20,000	74,273					497	74,770
Loan repayments		8		2,524					579	3,111
State reimbursements	351,645	354,098	226,425	86,954			18,072		100,388	559,512
Appropriated from general fund			116,485	116,485			584,009			700,494
Trust funds			14,265	8,828					152,302	161,130
Revolving accounts		5,132	1,092	32,526			(5,498)		2,709	34,869
Reduction of expenditures			2,800	2,742			107		(5)	7,749
Contributions	1,288	4,905							778,514	778,514
Total revenues	\$6,395,570	\$6,436,403	\$2,376,570	\$2,338,248	\$2,755,995	\$2,365,681	\$1,329,845	\$323,079	\$294,848	\$4,572,943
										\$17,567,051

STATE OF MARYLAND

Schedule of Budget and Actual Expenditures and Encumbrances by Major Function

Budgetary Basis

for the year ended June 30, 1993

(Expressed in Thousands)

Expenditures and Encumbrances by Major Function	Annual Budgeted Funds											
	General Fund			Special Fund			Federal Fund			Higher Education Funds		
	Current			Current			Current			Current		
	Final Budget	Actual		Final Budget	Actual		Final Budget	Actual		Final Budget	Actual	
Payments of revenue to civil divisions of the State	\$ 30,000	\$ 22,500	\$ 1,411	\$ 1,289								\$ 23,789
Public debt	23,500	23,500	331,119	299,203								322,703
Legislative	37,553	34,740	200	199								34,939
Judicial review and legal	207,650	201,777	5,805	4,727	\$ 3,917							\$ 163,549
Executive and administrative control	53,637	48,782	32,035	22,498	62,510	57,200						11,074
Financial and revenue administration	141,329	135,981	59,821	54,633								515,331
Budgetary and fiscal administration	9,505	8,809	1,929	1,795								10,595
Personnel administration, retirement and employee relations	12,232	10,899	9,768	9,503								882,309
General services	40,911	37,638	11,992	7,727	320	159						902,711
Transportation and highways			1,456,176	1,354,721	544,131	354,955						45,524
Natural resources and recreation	52,994	47,190	64,183	50,992	17,493	15,309						264,894
Agriculture	19,388	16,487	10,697	6,116	2,571	1,637						27,965
Health, hospitals and mental hygiene	1,747,658	1,659,699	87,546	65,033	1,040,981	1,017,440						2,363
Human resources	511,395	479,695	58,673	56,955	457,354	406,940						17,221
Licensing and regulation	26,711	24,838	3,904	3,214	2,990							(9)
Public safety and correctional services	606,565	575,099	86,853	80,051	6,611	5,404						32
Public education	2,910,522	2,843,924	60,540	57,195	349,707	328,849	\$1,329,845	\$1,268,635	\$823,079	\$299,498		685
Housing and community development	21,010	16,751	39,663	32,221	58,636	44,083						272,643
Economic and employment development	35,953	32,797	33,711	16,813	129,249	121,436						162,957
Environment	26,565	24,105	20,435	8,065	74,617	18,968						648,835
Juvenile services	92,620	92,051	109	37	4,088	3,725						8,101
State reserve fund	52,000	51,800										226
Loan accounts												51,800
Reversions:												\$316,308
Current year reversions	(263,621)											
Prior year reversions		(4,548)		(6,065)	(5,909)	(149)	(6)					(16,677)
Total expenditures and encumbrances	\$6,396,087	\$6,384,345	\$2,376,570	\$2,136,942	\$2,755,995	\$2,377,103	\$1,329,845	\$1,268,486	\$823,079	\$299,492	\$316,308	\$2,978,176
												\$15,750,852

STATE OF MARYLAND

Schedule of Changes in Fund Equities—Budgetary Basis for the year ended June 30, 1993 (Expressed in Thousands)

	General Fund	Special Fund		Federal Fund	Higher Education		Capital Projects Fund	Other Funds	Total
		Other Special	Debt Service		Current Unrestricted Fund	Current Restricted Fund			
Fund equities, July 1, 1992	\$ (21,415)	\$ 238,948	\$ 57,296	\$ 0	\$ 102,161	\$ 1,747	\$ 170,927	\$ 16,016,226	\$ 16,565,890
Increase:									
Revenues	6,436,403	2,033,433	304,815	2,365,681	1,290,089	294,848	268,839	4,572,943	17,567,051
Decrease:									
Appropriations	6,659,708	2,045,451	331,119	2,755,995	1,329,845	323,079			
Less: Current year reversions	(270,815)	(211,647)	(31,916)	(372,983)	(61,210)	(23,581)			
Prior year reversions	(4,548)	(6,065)		(5,909)	(149)	(6)			
Expenditures and encumbrances	6,384,345	1,827,739	299,203	2,377,103	1,268,486	299,492	316,308	2,978,176	15,750,852
Changes to encumbrances during fiscal year 1993	(20,899)	5,788		(12,604)	(3,733)	(78)			(31,526)
Expenditures	6,363,446	1,833,527	299,203	2,364,499	1,264,753	299,414	316,308	2,978,176	15,719,326
Transfers in (out)	58,399	(63,923)	(982)	(1,182)	(850)	10,021	1,295	(2,778)	
Changes in contributed capital								48,563	48,563
Fund equities, June 30, 1993	\$ 109,941	\$ 374,931	\$ 61,926	\$ 0	\$ 126,647	\$ 7,202	\$ 124,753	\$ 17,656,778	\$ 18,462,178
Invested in fixed assets								\$ 1,999,800	\$ 1,999,800
Contributed capital								452,062	452,062
Capital deposits by members								144,224	144,224
Retained earnings:									
Reserved								2,927	2,927
Unreserved								271,982	271,982
Fund Balance:									
Reserved:									
Encumbrances	\$ 39,171	\$ 58,063		\$ 72,121	\$ 9,284	\$ 104	\$ 314,934	35,974	529,651
Agency activities								22,263	22,263
State reserve fund	57,470								57,470
Loans and notes receivable	2,024	3,823	\$34,858						40,705
Loans to other funds	756		8,372					75,000	82,128
Shore erosion loan programs		17,813							17,813
Higher education programs								68,879	68,879
Endowment funds								56,421	56,421
Debt and plant additions								156,122	156,122
Pension benefits								14,154,970	14,154,970
Unemployment compensation benefits								324,963	324,963
Unreserved:									
Designated for:									
General long-term debt service			20,696						20,696
Transportation debt service								66,744	66,744
Maryland Transportation Authority bond debt service								36,153	36,153
Undesignated (deficit)	10,520	295,232		(72,121)	117,363	7,098	(190,181)	(211,706)	(43,795)
Total	\$ 109,941	\$ 374,931	\$ 61,926	\$ 0	\$ 126,647	\$ 7,202	\$ 124,753	\$ 17,656,778	\$ 18,462,178

STATE OF MARYLAND
Schedule of Funds Transferred to Political Subdivisions
for the year ended June 30, 1993 (1)
(Expressed in Thousands)

Subdivision (2)	State Sources				Other Sources			Assessed Value of Real and Personal Property (2)	Amount Per \$100 of Assessed Value
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Funds	State Administered Local Revenue			
						Total	Total		
Allegany	\$ 2,468	\$ 48,688	\$ 3,853	\$ 55,009	\$ 12,885	\$ 14,142	\$ 82,036	\$ 1,167,759	\$ 7.03
Anne Arundel	13,048	189,186	13,888	216,122	28,070	151,560	395,752	11,346,254	3.49
Baltimore County	20,409	268,075	9,238	297,722	41,318	286,406	625,446	15,206,711	4.11
Calvert	2,181	30,832	2,967	35,980	4,517	19,708	60,205	2,131,653	2.82
Caroline	1,925	19,463	1,170	22,558	3,395	5,169	31,122	382,340	8.14
Carroll	5,586	67,524	4,548	77,658	7,900	40,135	125,693	2,607,446	4.82
Cecil	2,752	48,416	3,022	54,190	7,097	18,083	79,370	1,403,477	5.66
Charles	3,721	67,578	5,089	76,388	9,764	30,342	116,494	2,309,786	5.04
Dorchester	2,106	22,675	2,563	27,344	5,657	5,420	38,421	563,486	6.82
Frederick	5,581	83,970	5,988	95,539	10,377	51,426	157,342	3,394,437	4.64
Garrett	2,494	22,938	2,412	27,844	4,180	4,917	36,941	614,938	6.01
Harford	5,715	106,155	6,891	118,761	12,542	61,393	192,696	3,479,290	5.54
Howard	6,048	77,074	6,512	89,634	7,754	88,925	186,313	5,907,383	3.15
Kent	1,140	9,344	850	11,334	2,011	4,018	17,363	434,296	4.00
Montgomery	17,619	210,172	12,269	240,060	38,403	396,775	675,238	28,433,423	2.37
Prince George's	13,663	376,369	14,804	404,836	64,611	222,474	691,921	15,079,660	4.59
Queen Anne's	2,202	17,028	1,382	20,612	3,351	10,728	34,691	883,179	3.93
St. Mary's	3,052	45,811	3,253	52,116	6,901	19,201	78,218	1,390,998	5.62
Somerset	1,405	16,120	1,728	19,253	3,834	2,735	25,822	257,623	10.02
Talbot	1,589	9,053	1,005	11,647	2,677	13,519	27,843	1,137,465	2.45
Washington	4,028	64,664	5,094	73,786	12,836	26,351	113,573	1,915,956	5.93
Wicomico	3,233	45,176	3,300	51,709	9,372	17,518	78,599	1,328,895	5.91
Worcester	2,264	12,602	1,809	16,675	4,660	5,183	26,518	2,111,090	1.26
Baltimore City	143,959	656,197	21,952	822,108	242,245	121,914	1,186,267	8,309,872	14.28
Total	\$268,188	\$2,515,110	\$135,587	\$2,918,885	\$546,357	\$1,618,642	\$5,083,884	\$111,797,327	

(1) In addition to the amounts shown for counties and Baltimore City, \$43,148,000 was distributed to municipalities within the counties.

(2) Source: Forty-ninth Report of the Department of Assessments and Taxation, dated January 1993. Amounts shown are the local subdivision's assessable base only.

STATE OF MARYLAND
Schedule of Taxes Receivable from
Collectors of State Property Taxes
June 30, 1993
(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany	\$ 119	\$ 60	\$ 179
Anne Arundel	199	35	234
Baltimore County	120	43	163
Calvert	216	(1)	215
Caroline	9	1	10
Carroll	60	6	66
Cecil	49	202	251
Charles	10	19	29
Dorchester	86	8	94
Frederick	19	6	25
Garrett	109	8	117
Harford	21	27	48
Howard	656	61	717
Kent	78	1	79
Montgomery	614	543	1,157
Prince George's	209	120	329
Queen Anne's	3		3
St. Mary's	171	11	182
Somerset	64	8	72
Talbot	64	15	79
Washington	211	19	230
Wicomico	26	(3)	23
Worcester	204	1	205
Baltimore City	365	479	844
Total	\$3,682	\$1,669	\$5,351

STATE OF MARYLAND

Schedule of Estimated Revenues—Budgetary Basis for the year ending June 30, 1994 (Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Property taxes	\$ 37,637	\$ 256,268 (1)				\$ 293,905
Franchise and corporation taxes	198,149					198,149
Death taxes	88,930					88,930
Alcoholic beverage taxes and licenses ..	24,540					24,540
Motor vehicle fuel taxes and licenses ..	10,049	576,138				586,187
Income taxes	3,314,695	81,148				3,395,843
Retail sales and use tax and licenses ..	1,790,421					1,790,421
State tobacco tax and licenses	136,000					136,000
Motor vehicle tax and licenses	4,850	474,200				479,050
Insurance company taxes, licenses and fees	160,051					160,051
Horse race taxes and licenses	1,400	1,411				2,811
District courts fines and costs	68,800					68,800
Interest on investments	19,000					19,000
Hospital patient recoveries	103,657					103,657
Miscellaneous taxes, fees and other revenues	44,352	7,199 (2)				51,551
Legislative	560	200				760
Judicial review and legal	63,447	4,226	\$ 4,848			72,521
Executive and administrative control ..	1,326	31,000	47,751			80,077
Financial and revenue administration ..	420,784	60,835	30			481,649
Budgetary and fiscal administration ..	851	2,039				2,890
Personnel administration, retirement and employee relations		12,787				12,787
General services	618	9,408	320			10,346
Transportation and highways		204,623	521,580			726,203
Natural resources and recreation	40	86,791	15,574			102,405
Agriculture	620	12,558	2,105			15,283
Health, hospitals and mental hygiene ..	12,092	49,850	1,141,149			1,203,091
Human resources	1,649	60,590	424,656			486,895
Licensing and regulation	15,260	3,911	3,211			22,382
Public safety and correctional services	4,379	85,898	3,524			93,801
Public education	94	52,174	353,076	\$1,329,702	\$324,642	2,059,688
Housing and community development		35,440	53,439			88,879
Economic and employment development		19,690	107,402			127,092
Environment	845	27,540	69,837			98,222
Juvenile services	154	90	3,665			3,909
Total	6,525,250	2,156,014	2,752,167	1,329,702	324,642	13,087,775
Transfers from other funds	48,966					48,966
Total estimated revenues	\$6,574,216	\$2,156,014	\$2,752,167	\$1,329,702	\$324,642	\$13,136,741 (3)

(1) Includes \$216,542,000 recorded as Debt Service Fund for accounting purposes.

(2) Includes \$7,199,000 recorded as Debt Service Fund for accounting purposes.

(3) Amounts are reported at July 1, 1993, and do not reflect revisions, if any, subsequent to that date.

STATE OF MARYLAND

Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations—Budgetary Basis for the year ended June 30, 1994 (Expressed in Thousands)

Functions	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	\$ 36,074	\$ 1,411				\$ 37,485
Public debt	24,000	323,741 (1)				347,741
Legislative	35,670	200				35,870
Judicial review and legal	206,202	4,226	\$ 4,848			215,276
Executive and administrative control	50,126	31,000	47,751			128,877
Financial and revenue administration	143,555	60,835	30			204,420
Budgetary and fiscal administration	18,125	2,039				20,164
Personnel administration, retirement and employee relations	11,036	12,787				23,823
General services	39,873	9,408	320			49,601
Transportation and highways		1,377,834	521,580			1,899,414
Natural resources and recreation	46,760	86,790	15,574			149,124
Agriculture	16,547	12,558	2,105			31,210
Health, hospitals and mental hygien. .	1,730,392	49,850	1,141,149			2,921,391
Human resources	471,477	60,590	424,656			956,723
Licensing and regulation	27,240	3,911	3,211			34,362
Public safety and correctional services	611,214	85,898	3,524			700,636
Public education	2,816,019	52,174	353,076	\$1,329,702	\$324,642	4,875,613
Housing and community development .	19,587	33,442	53,439			106,468
Economic and employment development	36,077	19,690	107,402			163,169
Environment	28,670	27,540	69,837			126,047
Juvenile services	94,714	90	3,665			98,469
State reserve fund	48,350					48,350
Total appropriations	\$6,511,708	\$2,256,014	\$2,752,167	\$1,329,702	\$324,642	\$13,174,233 (2)

(1) Recorded as Debt Service Fund for accounting purposes.

(2) Amounts are reported at July 1, 1993, and do not reflect revisions, if any, subsequent to that date.

STATISTICAL SECTION



Financial management

One innovation that Maryland state government is planning to use to change the face of state financial control in the future is the Financial Management Information System (FMIS).

FMIS is destined to replace most of the state's existing accounting, personnel, budget and procurement systems - within parameters of available funding - with an on-line service, eliminating much of the current paperwork.



Kitty Phares and other co-workers in the comptroller's General Accounting Division will no longer be swimming in disbursement transmittals and other documents, soon to be replaced by electronic data under the full implementation of the Financial Management Information System (FMIS).

The accounting side of FMIS will offer an on-line interactive capability for users to key transactions directly into the system for processing by the General Accounting Division. The integrated changeover promises to further standardize agency accounting systems, provide more timely data and eliminate mountains of paperwork.

Designed to manage a growing workload and rising need for financial controls without an expanding workforce, the full implementation of FMIS will make Maryland the only state in the nation to offer a system that integrates so many diverse financial control functions. ☐

STATE OF MARYLAND

Schedule of General Government Revenues by Source, Expenditures by Function and Other Sources (Uses)

of Financial Resources and Changes in Fund Balances

General, Special Revenue, Debt Service and Capital Projects Funds

Last Ten Fiscal Years

(Expressed in Thousands)

	Year Ended June 30,									
	1993	1992	1991	1990	1989	1988 (2)	1987	1986	1985	1984
Revenues:										
Income taxes	\$ 3,303,678	\$ 3,043,695	\$ 3,035,505	\$3,096,423	\$3,037,900	\$2,676,213	\$2,484,692	\$2,140,594	\$1,968,106	\$1,803,939
Retail sales and use taxes	1,718,152	1,579,785	1,540,887	1,571,867	1,507,053	1,423,585	1,302,463	1,189,603	1,098,445	988,284
Motor vehicle taxes and fees	1,119,416	990,540	919,220	955,253	963,119	948,408	794,946	741,940	683,774	635,602
Other taxes	1,039,108	902,757	848,052	894,729	861,758	827,790	751,081	641,767	584,254	574,353
Other licenses and fees	197,255	142,525	125,476	113,189	109,523	111,453	102,285	91,104	77,497	70,387
Charges for services	630,597	608,385	403,942	331,312	333,342	353,270	284,983	238,862	266,453	229,160
Interest and other investment income	35,158	33,399	73,990	125,655	125,877	90,441	65,436	94,464	104,262	84,421
Federal	2,530,226	2,422,678	1,982,214	1,825,753	1,693,289	1,578,753	1,493,164	1,386,667	1,253,900	1,146,614
Gain on defeasance of transportation bonds							39,543	53,337		
Other	251,737	258,042	250,109	192,183	188,241	184,384	174,834	173,133	134,298	111,128
Total revenues	10,825,327	9,981,806	9,179,395	9,106,364	8,820,102	8,190,297	7,493,427	6,751,471	6,170,089	5,643,888
Expenditures:										
Current:										
General government	494,041	482,752	475,868	453,164	437,089	410,519	266,251	248,951	233,441	199,323
Education	2,389,155	2,292,608	2,218,148	2,052,303	1,902,965	1,759,450	1,621,797	1,516,492	1,422,008	983,603
Economic and employment development	155,575	148,413	152,121	147,404	118,804	113,605				
Human resources	926,954	916,320	907,736	753,935	695,029	669,341	680,408	674,346	602,396	543,078
Health and mental hygiene	2,781,409	2,767,977	2,350,469	1,990,090	1,784,992	1,609,327	1,567,412	1,406,629	1,265,849	1,131,159
Environment	51,598	61,294	62,608	52,245	45,114	37,140				
Transportation	692,454	593,861	575,696	544,037	550,045	537,686	486,551	544,004	414,230	380,167
Public safety and judicial	862,311	832,312	791,728	728,105	648,200	559,804	536,267	471,621	433,904	317,823
Housing and community development	102,725	115,471	56,835	62,179	56,024	52,273	39,890	26,434	27,172	24,088
Natural resources and recreation	111,559	126,875	126,863	123,297	107,450	98,541	94,254	82,787	73,952	59,259
Agriculture	27,185	33,167	52,785	43,819	37,193	30,626	31,453	27,909	23,341	20,650
Personnel and retirement							21,773	21,273	31,784 (1)	505,587
Intergovernmental	700,119	705,008	810,313	815,738	804,665	784,255	690,520	497,158	525,623	513,755
Debt service	488,153	451,600	477,156	467,197	454,474	435,886	444,079	455,880	433,482	425,977
Capital outlays	759,224	830,178	1,166,021	1,142,035	925,589	929,024	833,923	685,516	573,053	485,615
Total expenditures	10,542,462	10,357,836	10,224,347	9,375,548	8,567,633	8,027,477	7,314,578	6,659,000	6,060,235	5,590,084
Excess (deficiency) of revenues over expenditures	282,865	(376,030)	(1,044,952)	(269,184)	252,469	162,820	178,849	92,471	109,854	53,804
Other sources (uses) of financial resources:										
Capital leases	15,577	64,418	26,648	3,008	12,384	30,250	12,743			
Proceeds from bond issues	332,419	464,197	617,338	499,688	265,191	321,358	275,068	133,380	163,200	146,470
Proceeds from loans to other funds		40,000	25,000							
Proceeds from refunding bonds	303,218						29,053			
Operating transfers in	313,804	333,976	365,166	353,254	319,604	337,107	332,366	323,423	252,517	211,935
Operating transfers out	(650,893)	(644,333)	(727,465)	(863,240)	(613,723)	(507,772)	(478,367)	(582,044)	(383,393)	(363,309)
Recognition of fund liability	(65,000)									
Defeasance of bonds							(155,725)	(354,865)		
Payment to refunded bond escrow agent	(298,759)						(29,053)			
Net other sources (uses) of financial resources	(49,634)	258,258	306,687	(7,290)	(16,544)	180,943	(13,915)	(480,106)	32,324	(4,904)
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	233,231	(117,772)	(738,265)	(276,474)	235,925	343,763	164,934	(387,635)	142,178	48,900
Fund balance, July 1	137,467	246,889	985,154	1,261,628	1,025,703	681,940	517,006	904,641	762,463	713,563
Adjustments	154,295 (5)									
Fund balance, July 1, as restated	291,762									
Equity transfers	4,400 (4)	8,350 (3)								
Fund balance, June 30	\$ 529,393	\$ 137,467	\$ 246,889	\$ 985,154	\$1,261,628	\$1,025,703	\$ 681,940	\$ 517,006	\$ 904,641	\$ 762,463

Source: General Accounting Division, State Comptroller's Office.

- (1) Effective July 1, 1984, fringe benefit costs are allocated to the various governmental functions.
- (2) Beginning in fiscal year 1988, as a result of a State-wide reorganization, certain expenditures are reported in different classifications.
- (3) During 1992, the Economic Development Loan Programs returned \$8,350,000 to the General Fund. This return of contributed capital has been reported as an equity transfer.
- (4) During 1993, the Economic Development Loan Programs returned \$4,400,000 to the General Fund. This return of contributed capital has been reported as an equity transfer.
- (5) Effective July 1, 1992, the Maryland Transportation Authority's activities were recorded in the special revenue and the debt service funds and its beginning equity was reclassified from the enterprise fund to the respective governmental funds.

STATE OF MARYLAND

Schedule of Property Tax Levies and Collections

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
1993	\$206,276	\$202,594	98.22%	\$2,204	\$204,798	99.28%	\$5,351	2.59%
1992	189,448	186,163	98.27	2,101	188,264	99.38	4,347	2.29
1991	174,702	172,055	98.48	1,907	173,962	99.58	3,558	2.04
1990	161,400	159,310	98.71	2,389	161,699	100.19	3,098	1.92
1989	147,009	144,662	98.40	1,653	146,315	99.53	3,666	2.49
1988	133,855	131,841	98.50	2,183	134,024	100.13	3,359	2.51
1987	121,289	119,032	98.14	1,779	120,811	99.61	3,904	3.22
1986	110,507	108,824	98.48	2,582	111,406	100.81	3,606	3.26
1985	101,302	98,706	97.44	5,510	104,216	102.88	5,332	5.26
1984	116,737	111,254	95.30	4,390	115,644	99.06	8,362	7.16

Source: State Comptroller's Office.

STATE OF MARYLAND

Schedule of Assessed and Estimated Actual

Value of Taxable Property

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$96,042,289	\$240,105,723	\$28,432,706	\$28,432,706	\$124,474,995	\$268,538,429	46.4%
1992	87,485,274	218,713,185	26,971,545	26,971,545	114,456,819	245,684,730	46.6
1991	79,546,272	194,656,715	25,577,795	25,577,795	105,124,067	220,234,510	47.7
1990	73,116,356	172,042,533	23,537,199	23,537,199	96,653,555	195,579,732	49.4
1989	66,430,610	153,739,328	21,525,228	21,525,228	87,955,838	175,264,556	50.2
1988	60,250,700	138,587,004	20,319,858	20,319,858	80,570,558	158,906,862	50.7
1987	54,469,062	125,288,239	18,608,122	18,608,122	73,077,184	143,896,361	50.8
1986	49,783,232	114,510,022	16,619,926	16,619,926	66,403,158	131,129,948	50.6
1985	45,115,407	103,731,464	15,717,115	15,717,115	60,832,522	119,448,579	50.9
1984	41,315,153	93,342,897	15,384,517	15,384,517	56,699,670	108,727,414	52.1

Source: The Fortieth through Forty-ninth Report of the State Department of Assessments and Taxation.

STATE OF MARYLAND

Schedule of Property Tax Rates—

(Per \$100 of Assessed Value)

Direct and Overlapping Governments

Last Ten Fiscal Years

	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
State of Maryland	\$.21	\$.21	\$.21	\$.21	\$.21	\$.21	\$.21	\$.21	\$.21	\$.21
Subdivisions:										
Allegany	2.48	2.45	2.41	2.40	2.37	2.40	2.50	2.70	2.56	2.49
Anne Arundel	2.46	2.46	2.46	2.51	2.51	2.51	2.51	2.57	2.68	2.68
Baltimore County	2.87	2.87	2.90	2.90	2.89	2.89	2.89	3.00	3.12	2.99
Calvert	2.23	2.23	2.23	2.23	2.23	2.23	1.96	1.96	1.96	1.96
Caroline	2.49	2.49	2.49	2.49	2.49	2.53	2.31	2.31	2.31	2.16
Carroll	2.35	2.35	2.35	2.35	2.23	2.08	2.03	2.03	2.08	2.04
Cecil	2.50	2.50	2.50	2.55	2.55	2.55	2.55	2.62	2.65	2.65
Charles	2.28	2.28	2.39	2.36	2.31	2.26	2.28	2.28	2.30	2.27
Dorchester	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24	2.24
Frederick	2.27	2.27	2.19	2.19	2.19	2.19	2.19	2.22	2.25	2.25
Garrett	2.24	2.24	2.24	2.28	2.30	2.32	2.36	2.52	2.68	2.83
Harford	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73
Howard	2.59	2.59	2.45	2.49	2.49	2.49	2.27	2.49	2.54	2.57
Kent	2.33	2.33	2.33	2.33	2.00	2.00	2.00	2.00	2.00	2.00
Montgomery	1.92	2.01	1.94	2.07	2.09	2.17	2.08	2.04	2.06	2.26
Prince George's	2.47	2.48	2.40	2.40	2.40	2.40	2.40	2.40	2.43	2.54
Queen Anne's	2.17	2.17	2.17	2.17	2.17	2.12	2.00	2.00	2.00	2.00
St. Mary's	2.32	2.32	2.33	2.33	2.28	2.28	2.14	1.99	1.90	1.90
Somerset	2.15	2.15	2.00	2.00	2.00	1.90	1.90	1.90	1.99	1.99
Talbot	0.66	0.69	0.75	0.81	0.87	0.93	1.01	1.09	1.18	1.27
Washington	2.21	2.21	2.13	2.13	2.13	2.13	2.05	2.05	2.05	1.98
Wicomico	2.15	2.15	2.15	1.95	1.95	1.85	1.85	1.76	1.78	1.78
Worcester	1.62	1.59	1.59	1.59	1.59	1.49	1.49	1.45	1.51	1.51
Baltimore City	5.90	5.90	5.95	5.95	6.00	6.00	6.00	6.00	6.00	5.99

Source: The Fortieth through Forty-ninth Report of the State Department of Assessments and Taxation.

STATE OF MARYLAND

Schedule of Twenty-Five Largest Private Employers

Giant Food Incorporated
Johns Hopkins University
Westinghouse Electric Corporation
Baltimore Gas & Electric Company
Chesapeake and Potomac Telephone Company
IBM Corporation
Johns Hopkins Hospital
Hecht's Retail Department Store
Maryland National Bank
United Parcel Service
Bethlehem Steel Corporation
University of Maryland Medical System
Safeway Stores Incorporated
Sears Roebuck & Company
Kmart Corporation
Hardees Food Systems Incorporated
Sinai Hospital of Baltimore Incorporated
McDonald's Restaurants Incorporated
Marriott Corporation
First National Bank of Maryland
General Motors Corporation
Hechinger Stores Company
Computer Sciences Corporation
Bendix Field Engineering Corporation
Montgomery Ward & Company Incorporated

Source: Maryland Department of Economic and Employment Development.

STATE OF MARYLAND
Schedule of Employment by Sector

	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:			
State and local	259,943	\$ 7,613,889	\$563
Federal	134,289	5,020,702	719
Total government	394,232	12,634,591	616
Manufacturing:			
Durable goods	91,238	3,377,182	712
Nondurable goods	91,875	2,744,585	574
Total manufacturing	183,113	6,121,767	643
Contract construction	119,858	3,387,867	544
Transportation, communications and utilities	95,336	3,188,330	643
Wholesale	103,473	3,582,622	666
Retail	400,728	6,167,081	296
Finance, insurance and real estate	128,442	4,237,188	634
Services and other	616,538	16,088,976	502
Total of all sectors	2,041,720	\$55,408,422	\$522

Source: Maryland Department of Economic and Employment Development, Office of Labor Market Analysis and Information, December 31, 1992.

STATE OF MARYLAND
Schedule of Ratio of General Long-Term Debt
To Assessed Value and General Long-Term Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands)			Ratio of General Long- Term Debt to Assessed Value	General Long- Term Debt per Capita
	Estimated Population	Assessed Value (1)	General Long- Term Debt (2)(3)		
1993	4,908	\$124,474,995	\$3,680,482	2.96%	\$750
1992	4,860	114,456,819	3,275,439	2.86	674
1991	4,781	105,124,067	3,041,817	2.89	636
1990	4,743	96,653,555	2,694,611	2.79	568
1989	4,579	87,955,838	2,474,650	2.81	540
1988	4,520	80,570,558	2,479,720	3.08	549
1987	4,464	73,077,184	2,417,980	3.31	542
1986	4,396	66,403,158	2,395,820	3.61	545
1985	4,388	60,832,522	3,027,555	4.98	690
1984	4,354	56,699,670	3,090,800	5.45	710

(1) Source: Forty-ninth Report of the State Department of Assessments and Taxation, dated January 1993. Amounts shown are the State's assessable base only.

(2) Source: State Comptroller's Office.

(3) Includes all long-term general obligation and transportation related bonds.

STATE OF MARYLAND

Schedule of Ratio of Annual Debt Service for General Long-Term Debt to Total General Expenditures Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands)				Ratio of Debt Service to General Expenditures (Percent)
	Principal	Interest	Total Debt Service	Total General Expenditures (1)	
1993	\$251,539	\$236,614	\$488,153	\$10,542,462	4.63%
1992	235,678	215,922	451,600	10,345,681	4.37
1991	276,131	201,025	477,156	10,224,347	4.67
1990	284,216	182,981	467,197	9,375,548	4.98
1989	272,355	182,119	454,474	8,567,633	5.30
1988	261,375	174,511	435,886	8,027,477	5.43
1987	258,395	185,684	444,079	7,314,578	6.07
1986	254,525	201,355	455,880	6,659,000	6.85
1985	226,445	207,037	433,482	6,060,235	7.15
1984	228,760	197,217	425,977	5,590,084	7.62

Source: General Accounting Division, State Comptroller's Office.

(1) Includes general, special revenue, debt service and capital projects funds.

STATE OF MARYLAND

Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests (1) Last Ten Fiscal Years (Expressed in Thousands)

	Year Ended June 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Revenues:										
Taxes and fees:										
Taxes pledged to bonds	\$ 633,974	\$553,185	\$535,131	\$571,567	\$581,073	\$577,224	\$480,513	\$438,886	\$403,372	\$375,075
Other taxes and fees	234,828	181,459	160,437	187,225	188,242	139,184	134,086	127,130	118,161	126,861
Total taxes and fees	868,802	734,644	695,568	758,792	769,315	716,408	614,599	566,016	521,533	501,936
Operating revenues	162,751	160,544	160,014	147,538	142,248	140,712	129,912	126,021	126,125	121,409
Investment income	3,412	3,800	10,106	16,112	9,077	9,168	10,957	13,644	16,812	12,785
Other	11,229	11,984	8,238	6,888	7,080	8,444	4,228	5,419	3,352	4,056
Total revenues	1,046,194	910,972	873,926	929,330	927,720	874,732	759,696	711,100	667,822	640,186
Administration, operation and maintenance expenditures	622,616	564,351	580,628	544,268	501,616	472,183	435,281	423,502	379,563	345,469
Less federal funds	(19,279)	(16,991)	(19,969)	(16,791)	(17,567)	(17,771)	(20,801)	(19,648)	(21,245)	(20,274)
Total	603,337	547,360	560,659	527,477	484,049	454,412	414,480	403,854	358,318	325,195
Net revenues	\$ 442,857	\$363,612	\$313,267	\$401,853	\$443,671	\$420,320	\$345,216	\$307,246	\$309,504	\$314,991
Maximum annual principal and interest requirements	\$ 126,146	\$118,198	\$104,972	\$ 69,034	\$ 40,327	\$ 33,594	\$ 33,594	\$ 25,175	\$ 46,084	\$ 53,008
Ratio of net revenues to maximum annual principal and interest requirements	3.51	3.08	2.98	5.82	11.00	12.51	10.27	12.20	6.72	5.94
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	5.03	4.68	5.10	8.28	14.41	17.18	14.30	17.43	8.75	7.08

Source: The Secretary's Office of the Department of Transportation.

(1) Under the terms of the bond authorizing resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts, less administration, operation and maintenance expenditures for the preceding fiscal year equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued, and that (ii) total proceeds from pledged taxes equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

STATE OF MARYLAND

Schedule of Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
1993	4,908,000	N/A	933,768	6.4%
1992	4,860,000	\$23,249	919,598	6.5
1991	4,781,000	22,080	901,143	5.7
1990	4,743,000	21,789	880,035	4.3
1989	4,579,000	21,013	868,371	4.5
1988	4,520,000	19,487	858,342	4.2
1987	4,464,000	17,722	880,409	4.4
1986	4,396,000	16,588	871,996	4.3
1985	4,387,000	19,864	874,540	4.4
1984	4,354,000	14,121	888,428	5.8

Sources:

(1) U.S. Department of Commerce, Bureau of Census.

(2) U.S. Department of Commerce, Bureau of Economic Analysis.

(3) State Departments of Education and Higher Education.

(4) State Department of Economic and Employment Development.

N/A Not available at this date.

STATE OF MARYLAND

Schedule of Property Value and Bank Deposits

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Bank Deposits (1)	Property Value (2)			
		Commercial	Residential	Agricultural	Nontaxable
1993	N/A	\$64,006,823	\$170,912,747	\$5,186,153	\$39,302,632
1992	\$56,262,862	60,460,121	153,526,926	4,726,138	37,817,267
1991	52,029,953	54,800,295	135,548,676	4,307,744	35,309,591
1990	47,887,993	48,755,868	119,369,152	3,917,513	32,623,097
1989	39,268,415	42,846,522	107,220,885	3,671,921	29,890,333
1988	36,706,009	36,760,648	98,311,457	3,514,899	27,105,760
1987	33,925,532	32,570,572	89,388,948	3,328,419	25,990,869
1986	30,902,272	28,675,092	82,618,032	3,126,899	24,146,836
1985	23,040,970	25,326,427	75,323,707	3,081,330	22,602,093
1984	19,874,912	22,787,607	67,645,737	2,909,553	20,992,266

Sources:

(1) First National Bank of Maryland.

(2) State Department of Assessment and Taxation.

N/A Not available at this date.

STATE OF MARYLAND

Schedule of Miscellaneous Statistics

June 30, 1993

Date of Ratification of U.S. Constitution	1788
Form of Government	Legislative — Executive — Judicial
Miles of State Highways	5,252
Land Area	9,837 square miles
State Police Protection:	
Number of Stations	25
Number of State Police	1,698
Higher Education (Universities, Colleges and Community Colleges):	
Number of campuses in State	33
Number of educators	6,507
Number of students	228,022
Recreation:	
Number of State Parks and Forests	60
Area of State Parks	90,239 acres
Area of State Forests	134,018 acres
Employees	95,238

Sources: General Accounting Division, State Comptroller's Office.
Maryland Manual 1992-1993.

Comptroller of the Treasury
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